

**KALPATARU ENGINEERING LIMITED
RELATED PARTY
TRANSACTION POLICY**

RELATED PARTY TRANSACTION POLICY

1. PREAMBLE

The Board of Directors (the "Board") of Kalpataru Engineering Ltd (the "Company" or "KEL"), 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 applicable laws and regulations applicable on the Company.

2. PURPOSE

This policy is framed as per requirement of Companies Act, 2013 & Clause 49 of the Listing Agreement entered by the Company with the Stock Exchanges and intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders. The Company is required to disclose each year in the Financial Statements certain transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

3. DEFINITIONS

"**Audit Committee**" means Audit Committee of the Company constituted under provisions of Listing agreement and Companies Act, 2013.

"**Arm's Length Transaction**" shall have the same meaning as defined under Companies Act, 2013 and in any other law applicable to the Company for time being in force.

"**Board**" means Board of Directors of the Company.

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

"**Company**" shall mean Kalpataru Engineering Ltd (KEL).

"**Key Managerial Personnel**" means key managerial personnel as defined under the Companies Act, 2013 and includes:-

- (i) Managing Director, or Chief Executive Officer or manager and in their absence, a whole-time director;
- (ii) Company Secretary; and
- (iii) Chief Financial Officer

"**Material Related Party Transaction**" means a transaction with a related party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds five percent of the annual turnover or twenty percent of the net worth of the company as per the last audited financial statements of the company, whichever is higher.

"**Ordinary Course of business**" shall mean practices and customs of any commercial transactions which are common as compared to other transactions.

Further while considering Ordinary Course of Business Audit Committee / Board shall consider that whether:-

- it is normal or otherwise unremarkable for your particular business (i.e. features in your systems, processes, advertising, staff training etc)
- it is frequent
- it is regular
- it involves significant amounts of money

- it is a source of income for your business
- it involves significant allocation of resources
- it is involved in a service or product that is offered to customers.

“**Policy**” means Related Party Transaction Policy.

“**Related Party**” means related party as defined under Companies Act, 2013 & Clause 49 of the Listing Agreement and in any other law applicable to the Company for time being in force.

“**Related Party Transaction**” means any contract or arrangement or any transaction, directly or indirectly involving any Related Party.

“**Relative**” means relative as defined under the Companies Act, 2013.

4. POLICY

All Related Party Transactions irrespective of amount involved must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

4.1 Identification of Potential Related Party Transactions

Each director, officer or Key Managerial Personnel having information of such related party transaction (irrespective of the same be in ordinary course of business) is responsible for providing notice to the Board or Audit Committee along with copy to Head of Accounts Department of any such Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/ Audit Committee may reasonably request.

The Accounts Department shall immediately report the said matter to Board/ Audit Committee which will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy and will also determine whether the transactions are on ordinary course of business. It will be the duty of accounts department to keep note of transaction of which prior approval of shareholders have been approved u/s 188(1) of Companies Act, 2013 and that such transaction need not be reported to Audit Committee / Board for its consideration since they are approved by Members by way of Special Resolution. Audit Committee in consultation with Board will prepare a list which is coming under Ordinary Course of business and the said transactions will be kept before the Audit Committee and Board meeting for their information and knowledge. The Company strongly prefers to receive such notice of any Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

4.2 Prohibitions related to Related Party Transactions.

All Related Party Transactions which requires approval of the shareholders shall be obtained through special resolution only and the Related Parties shall abstain from voting on such resolutions.

4.3 Review and Approval of Related Party Transactions

Related Party Transactions will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Committee who has an interest in any Related Party Transaction/s will restrain himself or her and abstain from discussion and voting on the approval of the Related Party Transaction. To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters. In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

1. Whether the terms of the Related Party Transaction are fair and on arms length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;

2. Whether the transaction are conducted in an ordinary course of business and on arms lengths basis.
3. Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
4. Whether the Related Party Transaction would affect the independence of an independent director;
5. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
6. Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
7. Whether the Related Party Transaction would present an improper 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, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant. If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

5. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a Related Party Transaction with a Related Party 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 of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. 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 shall take any such action it deems appropriate. In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

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

For Kalpataru Engineering Ltd.

**Sd/-
Barkha Jain
Company Secretary**