

Policy on Related Party Transactions

Keynote Financial Services Limited

(Revised w.e.f. 1st April, 2022)

KEYNOTE FINANCIAL SERVICES LIMITED

Policy on Related Party Transactions

This policy has been amended as per latest amendments in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and adopted by the Board of Directors in its meeting held on 11th February, 2022. The revised policy shall be effective from 1st April, 2022.

1. INTRODUCTION

Securities and Exchange Board of India (SEBI) has issued SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “Listing Regulations”) which, inter alia, provides that a company shall formulate a policy on dealing with Related Party Transactions. This policy intends to ensure that the transactions of the Company with its related parties are undertaken on the basis of best practices and in the accordance with the provisions of the Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 188 of Companies Act, 2013 read with Rule 15 of Companies (Meeting of Board and its Powers) Rules, 2014.

2. DEFINITIONS

“**Act**” means the Companies Act, 2013 and Rules framed there under, as amended from time to time;

“**Board**” means Board of Directors of the Company;

“**Company**” means Keynote Financial Services Limited;

“**Key Managerial Personnel**” (KMP) means:

- a. Chief Executive Officer or the Managing Director or the Manager;
- b. Whole Time Director;
- c. Chief Financial Officer;
- d. Company Secretary;
- e. 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; and
- f. such other officer as may be prescribed.

“**Material Related Party Transaction**” means a transaction with a related party if the transaction/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 latest audited financial statements of the Company, whichever is lower.

KEYNOTE

A transaction involving payments made to a related party with respect to brand usage or royalty 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 five per cent of the annual consolidated turnover of the Company as per the latest audited financial statements of the Company.

“Material Modifications” in a related party transaction means any modification related to change in price, tenure, delivery schedule, non-statutory obligations, terms and conditions or short closure of any contract or arrangement with related party.

“Related Party” means a person/entity which is a related party under Section 2(76) of the Act and includes any modifications or amendments made thereto;

Provided that:

- a. any person or entity forming a part of the promoter or promoter group of the Company; or
- b. any person or any entity, holding equity shares of twenty per cent or more or **of ten percent or more, (w.e.f 1st April, 2023)** of the Company either directly or on a beneficial interest basis as provided under Section 89 of the Act, at any time during the immediate preceding financial year shall be deemed to be a related party.

“Relative” in means relative as defined under Section 2(77) the Act and anyone who is related to another if:

- a. They are members of a Hindu Undivided Family;
- b. They are husband and wife or;
- c. Father (including step-father);
- d. Mother (including step-mother);
- e. Son (including step-son);
- f. Son’s wife
- g. Daughter
- h. Daughter’s husband
- i. Brother (including step-brother)
- j. Sister (including step-sister)

“Related Party Transaction” means a transaction involving a transfer of resources, services or obligations between 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 **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, (w.e.f 1st April, 2023)** regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract and includes such contracts and arrangements with the related parties as specified in provisions of Section 188 of the Act.

3. APPROVAL OF RELATED PARTY TRANSACTIONS

✚ All related party transactions and subsequent material modifications shall require prior approval of Audit Committee. Only those members of the Audit Committee, who are independent directors, shall approve related party transactions.

✚ Approval of Related party transactions by Audit Committee

- a) A related party transaction to which the subsidiary of the Company is a party but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the latest audited financial statements of the company.
- b) ***With effect from 1st April, 2023***, a related party transaction to which the subsidiary of the company is a party but the company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual standalone turnover, as per the latest audited financial statements of the subsidiary.

✚ Approval of Related party transactions not required by Audit Committee

- a) A Related party transaction to which the company is a party but the Company is not a party, if Regulation 23 and Regulation 15(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are applicable to the listed subsidiary. *For related party transactions of unlisted subsidiaries of listed subsidiary as referred above, the prior approval of the Audit Committee of the listed subsidiary shall suffice.*

✚ Omnibus Approval by Audit Committee

Audit Committee may grant omnibus approval for related party transactions proposed to be entered into by the Company subject to the following conditions, namely:

- a) The Committee shall lay down the criteria for granting the omnibus approval in line with this policy and such approval shall be applicable in respect of transactions which are repetitive in nature;
- b) The Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the company;

- c) The Omnibus approval shall specify:
 - 1. The name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into;
 - 2. The indicative base price/ current contracted price and the formula for variation in the price if any; and
 - 3. Such other conditions as the committee may deem fit
- d) The Committee may also, in the interest of the conduct of affairs of the Company, grant omnibus approval for related party transactions that cannot be foreseen and for which the aforesaid details are not available subject to their value not exceeding rupees one crore per transaction.
- e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

Material Related party transactions and subsequent material modifications

All material related party transactions and subsequent material modifications shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the Company is a related party to the particular transaction or not;

Provided that prior approval of shareholders of the Company shall not be required, for a related party transaction to which the company is a party but the Company is not a party, if Regulation 23 and Regulation 15(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are applicable to the listed subsidiary. For related party transactions of unlisted subsidiaries of listed subsidiary as referred above, the prior approval of the Audit Committee of the listed subsidiary shall suffice.

4. EXCEPTION TO OBTAIN THE REQUIRED APPROVALS

No approval of the Audit Committee and Shareholders shall be required for:

- a) transactions between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- b) transactions 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.

5. DISCLOSURES

The particulars of Related Party Transactions shall be disclosed in such manner as may be prescribed in the Listing Regulations. This policy shall be uploaded on the website of the Company and a web link thereto shall be provided in the Annual Report. From the date of publication of its standalone and consolidated financial results for the half year, the Company shall disclose related party transactions on a consolidated basis within 15 days, in the format specified by stock exchanges and publish the same on its website.

*The company shall make such above disclosures every six months on the date of publication of its standalone and consolidated financial results **w.e.f 1st April, 2023.***

6. REVIEW

The Policy shall be reviewed by the Board of Directors at least once in every three years.

7. AMENDMENT

The Company may amend this Policy as and when deemed fit. Any and all provisions of this policy shall also be amended as required due to any regulatory changes from time to time.
