

POLICY ON RELATED PARTY TRANSACTIONS

1. PREAMBLE

SecureKloud Technologies Limited ("Company") recognizes that Related Party Transactions (as defined below) can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company's interests. Therefore, Policy on Related Party Transaction ("Policy") has been adopted by the Company's Board of Directors, as recommended by the Audit Committee to set forth the procedures under which certain transactions must be reviewed and approved or ratified.

2. OBJECTIVE

The Company has formulated the Policy in line with Section 188 of the Companies Act, 2013 and Regulation 23 of the SEBI (LODR) Regulations, 2015, as amended from time to time. This Policy intends to ensure proper reporting, approval and disclosure of related party transactions. Such transactions may be considered appropriate only if they are in the best interest of the Company.

3. DEFINITIONS

a) **Audit Committee or Committee** means the Audit Committee as constituted by Board of Directors of the Company under applicable law;

b) **Board or Board of Directors** means the Board of Directors of the Company, as constituted from time to time;

c) **Companies Act** means the Companies Act, 2013 together with the rules formulated thereunder, as amended from time to time;

d) **Director** means a member of the Board of Directors of the Company;

e) **Key Managerial Personnel** means the managerial personnel as defined under Section 2(51) of the Companies Act;

f) **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 Rupees One Thousand Crores or ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

Notwithstanding the above, a transaction 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, exceeds five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

g) **Office of place or profit** means any office of place or profit held by any director or any other individual and receives from the company anything by way of remuneration, salary, fees, commission etc.

h) **Related Party** means an entity shall be considered related to the Company if:



- i. such entity is a related party under Section 2(76) of the Act ; or
- ii. such entity is a related party under the applicable accounting standards.

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:
 - (i) of twenty percent or more; or
 - (ii) of ten per cent or more, w.e.f 01.04.2023

in the Company either directly or on a beneficial interest basis as provided under Section 89 of the Companies Act, 2013, at any time, during the immediately preceding financial year; shall be deemed to be a related party.

i) **Related Party Transaction** means a transaction involving a transfer of resources, services or obligations between:

- a) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- b) a listed entity 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 listed entity or any of its subsidiaries, with effect from April 1, 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:

Provided that the following shall not be a related party transaction:

- 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 by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding: i. payment of dividend; ii. subdivision or consolidation of securities; iii. issuance of securities by way of a rights issue or a bonus issue; and iv. buy-back of securities.
- c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board.

j) **Material Modification** means modification(s) in the pricing or overall transaction value of a previously approved related party transaction having a variance of 20% (twenty percent) or more.

k) **Relative** shall have the meaning prescribed to it under the Companies Act, 2013. A person shall be deemed to be relative of another, if he or she is related to another in the following manner namely;

- 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)



l) **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.

m) **Ordinary course of business** means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the company can undertake as per Memorandum & Articles of Association.

4. TRANSACTIONS COVERED UNDER SECTION 188 OF THE COMPANIES ACT, 2013

- (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;

5. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

- a) Before the commencement of each financial year, the Company shall draw up a list of Related Party(s) in accordance with the definition given in SEBI LODR and the Act. Any changes in the list during the financial year shall be made as and when the Company receives information in this regard.
- b) All Directors and Key Managerial Personnel are responsible for informing the Company of their interest (including their indirect interest) in other companies, firms, body corporate(s) or concerns at the beginning of every financial year and at any time of change in such interest during the year. In addition, all Directors and Key Managerial Personnel are responsible for providing notice to the Company Secretary of any potential Related Party Transaction involving him directly or indirectly.
- c) The Audit Committee, in consultation with the Company Secretary, will review and determine whether any Transaction with such Party(s) will constitute a Related Party Transaction requiring compliance with this RPT policy. Any member of the Audit Committee or Board who is directly or indirectly interested in any Related Party Transaction shall recuse himself and shall not be present in the meeting during discussions on related party transactions and shall not be entitled to vote on for such item under consideration by Audit Committee and Board, as the case may be.

6. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION

6.1 Approval of Audit Committee

- a) All Related Party(s) transactions and any subsequent material modifications thereto in the ordinary course of business and at arm's length shall be subject to the prior approval of the Audit Committee and within the threshold limits. Further, any subsequent modification to any terms of conditions of the transactions with related parties shall require approval of the Audit Committee. Only Independent Directors who are members of the Audit Committee shall approve Related Party Transactions.



- b) A related party transaction to which the subsidiary of a Company is a party but the Company is not a party, shall require prior approval of the audit committee of the Company 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 last audited financial statements of the Company.
- c) With effect from April 01, 2023, Related Party Transaction to which the subsidiary of the Company is a party, but the Company is not a party, shall require prior approval of the Audit Committee of the Company 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 last audited financial statements of the subsidiary.
- d) The approval of the Audit Committee of the Company shall not be required for the transactions entered into between the Company and its wholly owned subsidiary or 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.
- e) It is further clarified that following transactions shall not require approval of the Audit Committee:
 - a. Transactions that have been approved by the Board as per other specific provisions of the Act eg; merger or amalgamation, investment, loans, guarantee or providing of security in connection with any loan, etc. to its wholly owned subsidiaries.
 - b. Transactions involving corporate restructuring, mergers, demergers, etc. wherein the Board has approved such transactions and restructuring is subject to approval of Tribunals / Courts of competent jurisdiction.
- f) The Company shall not enter into any Transaction with a Related Party beyond the Threshold Limits, without the prior approval of the Board. The Board may approve the Threshold Limits of any Transaction not defined or mentioned in this Policy, which shall be reviewed at frequent intervals.
- g) Audit Committee may grant omnibus approval for Related Party Transactions within the overall Threshold Limits, proposed to be entered into by the Company and such approval shall be subject to the following:
 - i. The Audit Committee shall lay down the criteria for granting omnibus approval in line with this Policy, for Related Party Transactions which are repetitive in nature.
 - ii. The Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company;
 - iii. the omnibus approval shall specify:
 - (a) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into;
 - (b) the indicative base price / current contracted price and the formula for variation in the price if any; and
 - (c) such other conditions as the audit committee may deem fit

Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per related party during a financial year.



Audit Committee shall review on a quarterly basis, the details of the Related Party Transactions entered into by the Company pursuant to the omnibus approvals given. The omnibus approvals by the Audit Committee shall be valid for a period of not exceeding one year and shall require fresh approvals after the expiry of one year.

Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

- h) For all other non-material transactions the Audit Committee shall check the relevant provisions of the Companies Act, 2013 to determine whether the transaction require prior approval of the Shareholders or shall be exempted from the approval process.

6.2 Approval of the Shareholders

All material related party transactions and subsequent material modifications shall require prior approval of the shareholders through an ordinary resolution.

All related party transactions which are not in the ordinary course of business or not at arm's length and are exceeding the threshold limits require the prior approval of the shareholders.

Shareholders approval shall not be required:

- a) for any transaction where such transaction entered by the Company with its wholly owned subsidiary and whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- b) 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.

7. POLICY REVIEW AND AMENDMENTS

The Board of Directors of the Company shall review the policy atleast once every three years and update the policy accordingly. In case of any subsequent changes in the provisions of the Companies Act or any other regulations, including the SEBI LODR Regulations, which makes any of the provisions in the Policy inconsistent with the Companies Act or such other regulations, such provisions of the Companies Act or such other regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.

8. DISCLOSURE

Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance. The Company shall submit enhanced disclosure of information related to RPTs to be provided to the stock exchanges every six months in the formats specified by the SEBI with the following timelines:

- i. within 15 days from the date of publication of financials;
- ii. simultaneously with the financials w.e.f. April 1, 2023 and publish the same on its website.

This policy will be uploaded on the website of the Company and the web-link of the policy shall be inserted in the Annual Report of the Company in every year.



Annexure A - Section 2(76) of the Act

A related party means:

- i. a director or his relative;
- ii. a key managerial personnel or his relative;
- iii. a firm, in which a director, manager or his relative is a partner;
- iv. a private company in which a director or manager or his relative is a member or director;
- v. a public company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital;
- vi. anybody corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- vii. any person on whose advice, directions or instructions a director or manager is accustomed to act: Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
- viii. anybody corporate which is
 - A. a holding, subsidiary or an associate company of such company;
 - B. a subsidiary of a holding company to which it is also a subsidiary; or
 - C. an investing company or the venturer of the company

Explanation.—For the purpose of this clause, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.

- ix. a director other than an independent director or key managerial personnel of the holding company or his relative with reference to a company, shall be deemed to be a related party.

Annexure B – Threshold Limits

Category of Transaction	Threshold Limit under the Act
Sale, purchase or supply of any goods or services	10% or more of the turnover
Selling or otherwise disposing of, or buying, property of any kind, directly or through appointment of an agent	10% or more of the net worth
Leasing of property of any kind	10% or more of the turnover
Availing or rendering of any services, directly or through appointment of an agent	10% or more of the turnover
Appointment to any office or place of profit in the company, its subsidiary company or associate company	At a monthly remuneration exceeding Rs 2.5 lakh
Remuneration for underwriting the subscription of any securities or derivatives thereof, of the company	Exceeding 1% of net worth

