

Policy on materiality of related party transactions and on dealing with related party transactions

1. Introduction

Kairosoft AI Solutions Limited (formerly known as Pankaj Piyush Trade & Investment Limited) ("the Company") may engage with related parties in the ordinary course of business and on an arm's length basis if the transactions with related parties are in the interests of the Company and its stakeholders. While entering into such related party transactions, it should be ensured that such transactions are in compliance with the applicable laws.

The Board of Directors of the Company has adopted this Policy on Related Party Transactions ("**Policy**") for the Related Party Transactions ("**RPTs**") based on the recommendation of the Audit Committee pursuant to provisions of the Memorandum of Association ("**MOA**") and Articles of Association ("**AOA**") of the Company, Sections 177, 188 and other applicable provisions of the Companies Act, 2013 as amended and the Rules framed there under ("**Companies Act**") and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("**SEBI Listing Regulations**").

The Audit Committee of the Company will review this policy on an annual basis and propose any modifications to the Board for approval.

2. Objective of the Policy

This Policy is intended to ensure that appropriate reporting, approval and disclosure processes are in place for all transactions between the Company and related parties. This Policy also lays down the reporting requirements of RPTs. This Policy is prepared to comply with the Companies Act and SEBI Listing Regulations. In the event of any inconsistency between this Policy and the provisions of the Companies Act and SEBI Listing Regulations, provisions of the Companies Act and SEBI Listing Regulations, as amended from time to time, will prevail over this Policy.

3. Definition

"**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.

"**Audit Committee**" means the audit committee of the Board of Directors of the Company.

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



“Company” means Kairosoft AI Solutions Limited.

“Key Managerial Personnel” or **“KMPs”** means Key Managerial Personnel as defined under the Act and includes: a) Managing Director, or Chief Executive Officer or Manager; b) the Whole-time Directors; c) Chief Financial Officer; d) Company Secretary.

Subsequent **Material Modification**” shall be ‘any change in the material terms of a related party transaction earlier approved by the audit committee of the Company’

“Material Related Party Transaction” in relation to the Company means a related party transaction which individually or taken together with previous transactions with a related party 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 Company, 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 individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company”

“Ordinary Course of Business” with reference to a transaction with a related party means a transaction which is: a) carried out in the normal course of business envisaged in accordance with the Memorandum of Association of the Company as amended from time to time; b) historical practice with a pattern of frequency; c) common commercial practice; or d) meets any other parameters/criteria as decided by the Board / Audit Committee, from time to time.

“Policy” means this policy, as amended from time to time.

“Related Party” in relation to the Company means a party related with the Company in any of the ways as laid down in section 2(76) of the Companies Act or under applicable accounting standards and Regulation 2 (1) clause (zb) of SEBI Listing Regulations. Provided that any person or entity belonging to the promoter or promoter group of the listed entity and holding 10% or more of shareholding in the listed entity 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.

“Related Party Transaction” means a transaction involving a transfer of resources, services or obligations between: (i) 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 (ii) 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: Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s); and includes transactions under the relevant provisions of the Companies Act or the SEBI listing Regulations or any other related law, regulation, standard.

4. Interpretation

- i. Any words used in this Policy but not defined herein shall have the same meaning prescribed to it in the Companies Act, the Securities and Exchange Board of India Act, 1992, as amended, or rules and regulations made thereunder including the SEBI Listing Regulations, the applicable accounting standards or any other relevant legislation / law applicable to the Company.
- ii. The reference to the masculine gender in the Policy shall be deemed to include a reference to feminine gender.
- iii. In case of any dispute or difference upon the meaning/interpretation of any word or provision in this policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee shall be final. In interpreting such term/provision, the Audit Committee may seek the help of any of the officers of the Company or an external expert as it deems fit.

5. Procedure.

- i. **Disclosure by Directors:** Every director shall at the time of Induction into the Board and thereafter shall at the beginning of every financial year provide information by way of written notice to the Company regarding his concern or interest in the entity with specific concern to parties which may be considered as Related Party with respect to the Company and shall also provide the list of relatives which are regarded as Related Party as per this Policy.
- ii. Directors are also required to provide the information regarding their engagement with

- iii. other entity during the financial year which may be regarded as related party according to this Policy.

6. Approval of Related Party Transactions

Audit Committee

- i. Related party transactions along with subsequent material modifications will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Committee or the Directors of the Board who has potential interest in any Related Party Transaction will in terms of Rule 15(2) of the Companies (Meeting of Board and its Powers) Rules, 2014 shall not be present at the meeting during the discussions on the subject matter and shall recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction by not being present at the meeting.
- ii. All the transactions which are identified as Related Party Transactions along with material modifications should be pre-approved by the Audit Committee before entering into such transaction. Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.
- iii. A related party transaction to which the subsidiary of the Company is a party but the listed entity 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.
- iv. A 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.
- v. Prior approval of the audit committee of the Company shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party.
- vi. The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.
- vii. The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

- a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the Policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.
- b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- c. Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price / current contracted price and the formula for variation in the price if any and (iii) 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 transaction. iv. Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given. v. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

The provisions of this clause shall not apply to a transaction, other than a transaction referred to in Section 188, between a holding company and its wholly owned subsidiary company.

viii. Information to be reviewed by the Audit Committee for approval of RPTs:

The Company shall provide the following information, for review of the audit committee for approval of a proposed RPT:

1. Type, material terms and particulars of the proposed transaction;
2. Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);
3. Tenure of the proposed transaction (particular tenure shall be specified);
4. Value of the proposed transaction;
5. The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
6. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary: a) details of the source of funds in connection with the proposed transaction; b) where any financial indebtedness is incurred to make or give loans, inter corporate deposits, advances or investments, • nature of indebtedness; • cost of funds; and • tenure; c) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of

7. security; and d) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
8. Justification as to why the RPT is in the interest of the listed entity;
9. A copy of the valuation or other external party report, if any such report has been relied upon;
10. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
11. Any other information that may be relevant.

Board of Directors

- i. In case of Related Party Transaction which is not in the ordinary course of business or not at arm's length transaction, whether or not it is a material Related Party Transaction, prior approval of the Board through a resolution passed at the meeting of the Board shall be necessary.
- ii. Where any director is interested in any contract or arrangement with a Related Party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

Shareholder Approval

- i. All material related party transactions shall be carried out as per provisions of the Act.
- ii. If a related party transactions is not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds as prescribed under Section 188 of the Companies Act, it shall require shareholders' approval by a resolution. The Related Parties shall abstain from voting as shareholders in case of Related Party Transactions which require the approval of shareholders.
- iii. All material related party shall require prior approval of the shareholders through resolution and no related party shall vote such resolutions whether the entity is a related party to the particular transaction or not.
- iv. However, the shareholders' approval is not required for the transactions entered into between the Company and its wholly owned subsidiaries whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- v. 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:
 1. A summary of the information provided by the management of the listed entity to the audit committee as specified in point viii (6) above;
 2. Justification for why the proposed transaction is in the interest of the listed entity;
 3. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary, the details specified under point viii(6) above; (The requirement of disclosing source of funds and cost of funds shall not be applicable to listed banks/NBFCs.)

4. A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders;
5. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
6. Any other information that may be relevant.

Process for Dealing with Related Party Transactions

- i. A list of all the related parties in relation to the Company received from the Board shall be updated from time to time.
- ii. Basis the above-mentioned list of related parties, every department shall, prior to entering in to any contract or arrangement with a related party, ascertain whether the proposed contract or arrangement satisfies the approval mechanism prescribed under this Policy.
- iii. The contract / arrangement shall not be entered in to without the necessary approval from the Audit Committee/Board/shareholders, as the case may be. Compliance to this condition will strictly be adhered to by the concerned department proposing the underlying contract or arrangement.
- iv. All Related Party contracts/arrangements shall require approval of the Audit committee of the Board of Directors or the shareholders of the company as the case may be, as required under and subject to the Act and the Listing Regulations.
- v. All international related party contract / arrangements shall comply with International Transfer Pricing Requirement under Section 92B of the Income Tax Act, 1961 including certification from independent accountants, if any, under the Transfer Pricing Regulations.

Reporting of Related Party Transactions

- i. Every contract or arrangement, which is required to be approved by the Board/shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.
- ii. The details of material transactions with related parties will be included in the corporate governance reports which are required to be submitted to the stock exchanges on a quarterly basis.
- iii. The Company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report of the Company.
- iv. The Company shall disclose details of Related Party transactions every six months within 15 days from the date of publication of its standalone and consolidated financial results.

Amendments

Any change in the Policy shall be approved by the Board of the Company. The Board shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding. The Policy shall be reviewed by the Board at least once in every three years and updated accordingly. Any subsequent amendment / modification in the Act or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

Communication of this Policy

This Policy shall be posted on the website of the Company at www.Kairosoft.ai
