



XELPMOC DESIGN AND TECH LIMITED

Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions

1. PREAMBLE:

The Board of Directors (the “Board”) Xelpmoc Design and Tech Limited (the “Company” or “Xelpmoc”), 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 will be applicable to the Company. 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/revised as per requirement of Regulation 23 of Securities and Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”) 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 or Committee” means Committee of Board of Directors of the Company constituted under provisions of Regulation 18 of Listing Regulations and Companies Act, 2013.

“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.

“Key Managerial Person” means key managerial personnel as defined under the Companies Act, 2013 and includes

- (i) Managing Director, or Chief Executive Officer or manager;
- (ii) Company Secretary;
- (iii) Whole time Director;
- (iv) Chief Financial Officer;
- (v) 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

“Material Related Party Transaction” means a transaction with a related party if the transaction(s) 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. However, a transaction involving payments made to a related party with respect to brand usage and 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 two percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the Company.

“Policy” means Related Party Transaction Policy.

“Related Party” means related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 and/or as per Indian Accounting Standard (Ind As) 24:

Provided that any person or entity belonging to the promoter or promoter group of the Company and holding 20% or more of shareholding in the Company shall be deemed to be a related party.

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).

Related Party as per section 2(76) of the Companies Act, 2013:

“related party”, with reference to a company, means—

- (i) a director or his relative¹;
- (ii) a key managerial personnel or his relative¹;
- (iii) a firm, in which a director, manager or his relative¹ is a partner;
- (iv) a private company in which a director or manager or his relative¹ is a member or director;
- (v) a public company in which a director or manager is a director and holds along with his relatives¹, more than two per cent of its paid-up share capital;
- (vi) any body 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 under 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) any body corporate which is—

(A) a holding, subsidiary or an associate company of company;

(B) a subsidiary of a holding company to which Company is also a subsidiary; or

(C) an investing company or the venturer of a 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 relative¹.

¹**“Relative”** means relative as defined under section 2(77) of the Companies Act, 2013 with reference to any person, means any one who is related to another, if-

- i. They are members of a Hindu undivided family ;
- ii. They are husband and wife ; or
- iii. Father (including step-father)
- iv. Mother (including step-mother)
- v. Son (including step-son)
- vi. Son’s wife
- vii. Daughter
- viii. Daughter’s husband
- ix. Brother (including step-brother)
- x. Sister (including step-sister)

Related Party as per Indian Accounting Standard (Ind As) 24:

(a) A person or a close member² of that person’s family is related to a Company if that person:

- (i) has control or joint control of the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to a Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

²*Close members of the family of a person* are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity including:

- (a) that person's children, spouse or domestic partner, brother, sister, father and mother;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

“Related Party Transactions” means any transactions directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between a Company and a related party, 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.

4. Approvals:

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

The Board on recommendations of Audit Committee will approve the threshold limits for Related Party Transactions and review the same time to time.

The Audit Committee duly empowered by the Board may grant an omnibus approval for certain Related Party Transactions, subject to the conditions as laid down under Regulation 23 of the Listing Regulations and section 177 of the Companies Act, 2013 and 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 Audit Committee shall review, at least on quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given by the Audit Committee.

All entities falling under the definition of related parties shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.

Further, all Material Related Party Transactions shall require approval of the shareholders through resolution and no Related Parties shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not except in case of resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

The Transactions entered into between a Company and its wholly owned subsidiary does not require the approval of Audit Committee and shareholders.

4.1 Identification of Potential Related Party transactions:

Each director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential 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. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this

policy.

The Company strongly prefers to receive such notice of any potential 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 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 a potential interest in any Related Party Transaction will recuse himself or herself 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:

- 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;
- 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;
- Whether the Related Party Transaction would affect the independence of an independent director;
- Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- 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
- 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.

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee or Shareholders:

- i. Any transaction that involves the providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- ii. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.

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.

6. Policy Review:

The Policy shall be subject to review by the board of directors at least once in every three years and updated accordingly and as may be deemed necessary in accordance with any regulatory amendments.

7. Disclosures:

The Policy shall be posted on website of the Company www.xelpmoc.in and a web link thereto shall be provided in the Annual Report of the Company.

The Company shall 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 and publish the same on its website at www.xelpmoc.in.