

## **KILBURN OFFICE AUTOMATION LIMITED**

CIN: L27106WB1980PLC033140

Registered Office: VASUNDHARA BUILDING,  
2<sup>nd</sup> Floor Space No.5 And 6, 2/7, Sarat Bose Road,  
Kolkata – 700017, West Bengal  
www.kilburnoffice.in

### **RELATED PARTY TRANSACTION POLICY**

#### **A. PREAMBLE**

The Board of Directors (the "Board") of Kilburn Office Automation Limited (the "Company" or "Kilburn"), has adopted the following policy and procedures with regard to Related Party Transactions (RPT Policy/Policy). The policy envisages the procedure governing Related Party Transactions required to be followed by the Company to ensure compliance with the Laws and Regulations in force. The Audit Committee will review the same from time to time and propose the amendment(s) required in the Policy to the Board of Directors of the Company.

#### **B. PURPOSE**

This policy is intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties in the best interest of the Company and its stakeholders.

The provisions of this policy are designed to govern the transparency of approval process and disclosures requirements to ensure fairness in the conduct of Related Party Transactions, in terms of the applicable laws and regulations in force.

#### **C. DEFINITIONS**

For the purposes of this policy, the following definitions apply:

1. "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.
2. "Audit Committee" or "Committee" means Committee of Board of Directors of the Company constituted under provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and Companies Act, 2013 (the Act).
3. "Board" means Board of Directors of the Company.
4. "Company" means Kilburn Office Automation Limited
5. "Control" shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
6. "Independent Director" means an Independent Director referred to in sub-section (6) of Section 149 and Regulation 16(1)(b) of the Listing Regulations.
7. "Key Managerial Personnel" means key managerial personnel as defined under the Companies Act, 2013 and Accounting Standards, as the case may be, and includes:
  - i. Managing Director or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
  - ii. Whole-time director;
  - iii. Company Secretary;
  - iv. Chief Financial Officer; and
  - 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.

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8. "Ordinary Course of Business" means conduct of business activity within normal commercial customs and usages which is characterized by occurrence of one or more of the following factors:

- (a) That the business activity is normal or otherwise unremarkable
- (b) That the business activity is frequent
- (c) That the business activity is regular
- (d) That the business activity involves significant amount of money and resources
- (e) That the business activity is a source of income for the Company business
- (f) That the business activity is involved in a service or product that is offered to the Company's Customers

Note: Since interpretation of whether an activity would fall within the definition of "Ordinary Course of Business" is a question of judgment, in case of any difficulty, matters will be referred to the Board for ultimate consideration/decision.

9. "Policy" means this Related Party Transaction Policy.

### **Definitions under Companies Act, 2013**

a) "Related Party" as per Section 2(76) of the Act, Related Party with reference to a Company 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 and Manager is a Director and holds along with his relatives, 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 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) any Body 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;
- ix) such other person as may be prescribed.

b) "Relative"

Companies Act, 2013: As per the Provisions of Section 2(77) of the Act, "Relative" means anyone who is related to another, if (i) they are members of a Hindu Undivided Family; (ii) they are husband and wife; or (iii) one person is related to the other in such manner as may be prescribed; Companies (Specification of definitions details) Rules, 2014: As per Rule 4 of Companies (Specification of definitions details) Rules, 2014, a person shall be deemed to be the relative of another, if he or she is related to another in the following manner: (a) Father (b) Step-father (c)

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Mother (d) Step-mother (e) Son (f) Step-son (g) Son's wife (h) Daughter (i) Daughter's husband  
(j) Brother (k) Step-brother (l) Sister (m) Step-sister.

c) "Holding Company": As per the Provisions of Section 2(46) of the Act, "Holding Company" in relation to one or more other Companies, means a Company of which such Companies are Subsidiary Companies;

d) "Subsidiary Company": As per the Provisions of Section 2(87) of the Act, "Subsidiary Company" or "Subsidiary" in relation to any other Company (that is to say the Holding Company), means a Company in which the Holding Company – (i) controls the composition of the Board of Directors; or (ii) exercises or controls more than one-half of the total voting power either at its own or together with one or more of its Subsidiary Companies.

e) "Associate Company": As per the Provisions of Section 2(6) of the Act, "Associate Company", in relation to another Company, means a Company in which that other Company has a significant influence, but which is not a Subsidiary Company of the Company having such influence and includes a Joint Venture Company.

### **Definitions under SEBI LODR Regulations**

f) "Related Party": As per Reg.2(zb) of LODR Regulations, "Related Party" means a related party as defined under sub-section (76) of Section 2 of the Act, or under the applicable accounting standards. Provided that any person or entity belonging to the Promoter or Promoter Group of the listed entity and holding 20% or more of shareholding in the listed entity 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 recognized Stock Exchange(s)

g) "Related Party Transactions": As per Reg. 2(zc) of LODR Regulations, "Related Party Transaction" means a transfer of resources, services or obligations between a Listed Entity 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. Provided that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognized Stock Exchange(s).

h) "Material Related Party Transactions" as defined under the LODR Regulations: A transaction with a Related Party where the transaction/transactions to be entered into individually or taken together with previous transactions with a Related Party during a financial year, exceeds rupees one thousand crore or ten percent of the consolidated annual turnover of the Company as per the last Audited Financial Statements of the Company, whichever is lower.

Payments made with respect to Brand usage or Royalty shall be considered material, if transaction(s) to be entered into individually or taken together with previous transactions during a Financial Year, exceed 5% of Annual Consolidated Turnover as per last Audited Financial Statements of the Company.

i) "Material Modification" includes modification of terms of the approved Related Party Transaction such that: (a) the revision in monetary value of the transaction: (i) in case of periodical agreements or contracts with periodical enhancement of consideration during the period of such contract, exceeding 10% of such consideration prevailing on the date of revision; (ii) in case of any other contracts or agreement, the revision of monetary value of the transaction exceeding 10% of approved consideration; (b) the contracts where the revision of further period of contract is more

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than 24 months from date of maturity of such contract; (c) change in beneficiaries of the transaction from the beneficiaries originally approved; (d) change in agreed terms and conditions of the contracts are substantial in nature.

Words and expressions used and not defined in the Policy but defined in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, or the Companies Act, 2013 and rules and regulations made thereunder shall have the meanings respectively assigned to them in those legislations as may be amended from time to time.

### **2. Transactions covered under Related Party Transactions**

Following transactions entered with a Related Party are considered as Related Party Transactions as per the Act:

- sale, purchase or supply of any goods or materials;
- selling or otherwise disposing of, or buying, property of any kind;
- leasing of property of any kind;
- availing or rendering of any services;
- appointment of any agent for purchase or sale of goods, materials, services or property;
- such related party's appointment to any office or place of profit in the Company, its Subsidiary Company or Associate Company; and
- underwriting the subscription of any securities or derivatives thereof, of the Company.

Following transactions entered with a Related Party are considered as Related Party Transactions as SEBI LODR Regulations:

Any transfer of resources, services or obligations between the 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.

## **A. POLICY & PROCEDURES**

### **I. POLICY**

1. All Related Party Transactions and subsequent material modifications shall require prior approval by the Audit Committee in accordance with this Policy on regular basis (Section 177(4)(iv) of the Act).

Provided that only those members of the Audit Committee, who are Independent Directors, shall approve the Related Party Transactions.

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to compliance with 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 of the Related Party, nature of transaction, period of transaction, maximum amount of transaction that can be entered

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into; (ii) The indicative base price / current contracted price, and the formulae for variation in the price if any; (iii) Such other conditions as the Audit Committee may deem fit; and (iv) 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.

- (d) 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 approvals given;
- (e) Such omnibus approvals shall be valid for a period not exceeding 1 year and shall require fresh approvals after expiry of one year.

For the transactions which are not in the Ordinary Course of Business or not in compliance to arm's length pricing or both will be put up for PRIOR approval to Audit Committee, Board and Shareholders, if applicable (Section 188 of the Act).

Further all Material Related Party Transactions will be carried out only after approval from Shareholders through Ordinary Resolutions where all Related Parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

### **2. Voting**

In determining whether to approve or ratify a Related Party Transaction, the Audit Committee /Board, as the case may be, shall take into account among other factors it deems appropriate, whether the Related Party Transaction is in the Ordinary Course of Business of the Company and on arm's length basis and the extent of the Related Party's interest in the transaction. For this purpose, the Audit Committee / Board, as the case may be, are entitled to seek the assistance of any employee of the Company or one or more independent experts of its choice at the expense of the Company.

If any Director of the Company is interested in any contract or arrangement with a Related Party, such Director cannot be present at the Board Meeting of the Company during discussions in the matter.

Members who are Related Parties in the context of the related party contract or arrangement for which Ordinary Resolution is to be passed to abstain from voting on such resolution and only dis-interested Shareholder (not Related Party) shall be eligible to vote.

### **3. Related Party Transactions should be at Arm's Length Price (ALP):**

- All Related Party transactions should be adequately supported by contracts or purchase orders/ work order or sales order and documentations to justify ALP.
- If ALP cannot be justified for any transaction, then approval should be taken from Board and Shareholders.

### **4. Approval for Transactions entered by wholly owned Subsidiaries (WOS) which are not in Ordinary Course of Business/not on Arm's Length basis.**

- For the Transactions which are not in Ordinary Course of Business or not as per Arm's Length pricing or both for any WOS of the Company, the same will be put up for prior

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approval to the Audit Committee, Board of Directors and shareholders of the Company (Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014 as amended from time to time).

### **II. PROCEDURE**

#### **A. Disclosure by Directors**

Every Director shall at the beginning of the 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. Directors are also required to provide the information regarding their engagement with other entity during the financial year which may be regarded as related party according to this policy.

#### **B. Identification of Transaction with Related Parties**

Each Director and Key Managerial Personnel (KMPs) is responsible for providing notice to the Company of any potential Related Party Transaction where he/she may be considered interested. Audit Committee will determine whether a transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy. The Directors and KMPs will ensure that their notice of any potential Related Party Transaction is delivered well in advance, so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.

#### **C. Review and Approval of Related Party Transaction**

##### **i. Audit Committee**

All the transactions which are identified by the Audit Committee as Related Party Transactions should be pre-approved by the Audit Committee before entering into such transaction. The Company Secretary shall place the details of all Related Party Transactions in the subsequent meeting of the Audit Committee. The Audit Committee shall consider the following factors while deliberating the Related Party Transactions for its approval:

- Name of party and details explaining nature of relationship
- Nature of transaction and material terms thereof including the value, if any;
- The manner of determining the pricing to ascertain whether the same is fair and on arm's length basis.
- Business rationale for entering into such transaction
- Whether the transaction is in the ordinary course of business or not.
- Any other relevant or important information to take decision with regard to the proposed transaction.

Any member of the Committee who has a potential interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction. If the Committee determines that the related party transaction is (i) a Material Related Party Transactions or (ii) Transactions are not in the ordinary course of business or not at the arm's length price, the Audit Committee shall place the matter before the Board for obtaining its approval.

##### **ii. Board of Directors**

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Where approval of Board of Directors is required for any Related Party Transactions or if the Board in any case decides 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. Any member of the Board who has any interest in any Related Party Transaction will abstain from discussion and voting on the approval of the Related Party Transaction.

### iii. Shareholder approval

All Material Related Party Transactions and subsequent material modifications as defined by the Audit Committee shall require prior approval of shareholders of the Company through a resolution as stipulated in the Companies Act, 2013 or the Listing Regulations and the concerned Related Party(ies) shall abstain from voting on such resolution.

All Related Party Transactions (other than Material Related Party Transactions) pursuant to Section 188 of the Companies Act, 2013 which are not in the ordinary course of business or not an arms' length transaction and cross the threshold limits prescribed under Companies Act, 2013/ Listing Regulations shall also require the approval of shareholders of the Company and the concerned Related Party shall abstain from voting on such resolution(s).

The approval mechanism for Related Party Transactions shall be as stipulated in the provisions of Listing Regulations and/or Companies Act, 2013 and as amended from time to time.

### iv. Ratification by Audit Committee, Board and/or shareholders of the Company

Where any contract or arrangement is entered into by a Director or any other employee, without obtaining the consent of the Audit Committee, Board or shareholders pursuant to Section 188(1) of the Act and if is not ratified by the Board and/or shareholders within 3 months from the date of contract or arrangement, such contract or arrangement shall be voidable at the option of the Board. If such contract or arrangement is with related party to Director or is authorized by any Director, the Directors concerned shall indemnify against any loss incurred.

### v. Transactions which do not require approval

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

Any transaction involving the providing of compensation to a Director or Key Managerial Personnel in connection with his duties to the Company including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.

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.

### vi. Related Party Transactions not approved under this Policy

If a Related Party Transaction is entered into by the Company without being approved under this Policy, the same shall be reviewed by the Committee. The Committee shall evaluate the transaction and may decide such action as it may consider appropriate including ratification, revision or termination of the Related Party Transaction. In connection with any review of a Related Party Transaction, the Committee has authority to propose to the Board to modify or waive any procedural requirements of this Policy.

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### **B. DISCLOSURES**

The Company shall submit disclosure 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 such interval and within such time frame as prescribed in the Listing Regulations.

Details of all Material Related Party Transactions shall be disclosed to Stock Exchanges quarterly along with Compliance Report on Corporate Governance, in accordance with the Listing Regulations.

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.

The Board shall disclose Related Party Transactions in its Report to shareholders of the Company.

### **C. INTERPRETATION**

Any words used in this policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or Rules made thereunder, SEBI Act or Rules and Regulations made thereunder, Listing Regulations, Accounting Standards or any other relevant legislation / law applicable to the Company.

Any question or interpretation with regard to any provision of the policy and also in respect of matters not covered herein will be handled by the Board or Audit Committee or any person authorised by the Board of the Company in this behalf.

In case of any inconsistency / contradiction between the two, the provisions of the Act/ Regulation(s) or any other relevant legislation shall prevail.

### **D. POWER TO AMEND**

The Board on recommendation of the Audit Committee shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.

This policy shall be reviewed periodically and may be amended by the Board of Directors of Kilburn Office Automation Limited, subject to applicable law.