

# KANCO Stock and Securities Pvt Ltd

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## POLICY ON RELATED PARTY TRANSACTIONS

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## **POLICY ON RELATED PARTY TRANSACTIONS**

### **1. INTRODUCTION**

The Board of Directors (the “Board”) of Kanco Stock and Securities Pvt LTD (‘JBL’ or the “Company”) has adopted this policy on related party transaction under section 177, 188 and any other applicable provisions of the Companies Act, 2013 (the “Act”) read with the Companies (Meeting of Board and its Power) Rule, 2014.

### **2. OBJECTIVES**

Objective of this policy is to timely reporting, disclosure and compliance of matters related to related party transactions as per requirements of laws.

### **3. DEFINITIONS**

i. **Arm’s length transactions** mean a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

ii. **Related Party**, with reference to a company, means-

- a) a director or his relative;
- b) a key managerial personnel or his relative;
- c) a firm, in which a director, manager or his relative is a partner;
- d) a private company in which a director or manager [or his relative] is a member or director;
- e) a public company in which a director or manager is a director and holds along with relatives, more than two percent of its paid-up capital;
- f) 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;
- g) 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;

h) any company which is-

- i. a holding, subsidiary or an associate company of such company; or
- ii. a subsidiary of a holding company to which it is also a subsidiary;

iii. **(3) “Relative”**, 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. one person is related to the other in following manner:
  - a) Father (including step-father)
  - b) Mother (including step-mother)
  - c) Son (including step-son)
  - d) Son’s wife
  - e) Daughter

- f) Daughter's husband
- g) Brother (including step-brother)
- h) Sister (including step-sister)

**iv. "Related Party Transaction"** means any transaction between the Company and any Related Party for transfer of resources, services or obligations, regardless of whether a price is charged and includes –

- 1) Sale, purchase or supply of any goods or materials;
- 2) Selling or otherwise disposing of, or buying property of any kind;
- 3) Leasing of property of any kind;
- 4) Availing or rendering of any services;
- 5) Appointment of any agent for the purchase or sale of goods, materials, services or property;
- 6) Such related party's appointment to any office or place of profit in the Company, its subsidiary
- 7) Company or associate Company;
- 8) Underwriting the subscription of any securities or derivatives thereof, of the Company;
- 9) Financing (including loans and equity contributions in cash or kind);
- 10) Providing or obtaining guarantees and collaterals; and
- 11) Deputation of employees.
- 12) The above is an indicative list and not an exhaustive one).

**v. Key Managerial Personnel** in relation to a Company means

- I. The Chief Executive Officer, or the Managing Director or the Manager;
- II. The Company Secretary
- III. The 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
- VI. Such other officer as may be prescribed

**vi. Audit Committee** means audit committee constituted under section 177 of the Companies Act, 2015 (the "Act").

#### **4. POLICY**

All related party transactions shall be approved by the Audit Committee of the Company all related party transactions must be reported to the Audit Committee for their approval.

#### **5. IDENTIFICATION OF RELATED PARTY TRANSACTIONS**

All director and key managerial personnel are responsible for give notice to the Board before entering into any related party transactions apart from this every director of the Company shall

provide disclosure of interest at the starting of every financial year. Board of the Company shall record all disclosure of interest received from the directors of the Company then the Audit Committee of the Company will decide whether transaction falls under related party transactions or not.

## **6. APPROVAL**

### **i. Prior approval by the Audit Committee:**

All related party transactions and all subsequent Material Modifications thereto are required prior approval of the Audit Committee of the Company whether it's approved by Board of the Company or by Shareholders of the Company. Provided that only those members of the audit committee, who are Independent Directors, shall approve related party transactions.

Also, any related party transaction(s) to be entered into by the subsidiary of the Company to which transaction the Company is not a party shall require the prior approval of the audit committee of the Company if the value of such transaction whether entered into individually or taken together with previous transaction(s) during the financial year exceeds 10% of the annual consolidated turnover, as per the last audited financial statement of the Company.

### **ii. Omnibus approval by the Audit Committee:** The Company may obtain omnibus approval from the Audit Committee of the Company for such transactions, subject to following conditions:

- i. The Audit Committee may grant omnibus approval for Related Party Transactions subject to following conditions:
  - a) Maximum amount of the transaction which can be allowed during the year;
  - b) Maximum amount per transaction which can be allowed;
  - c) Maximum transaction which can be allowed during one year;
  - d) Information and disclosures required to submit to the Audit Committee for such transactions.
- 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 define:
  - i. The name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall 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.
- iv. The 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.
- v. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- vi. Subject to the applicable provisions of the Companies Act, 2013; a Related Party Transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, will be placed before the Audit Committee for consideration, and ratification, if appropriate.

### iii. 6.2. Approval of Board of Directors:

Transactions which are not in ordinary course and at arm's length shall require prior approval of Board. When any director interested in any related party transactions which are requires prior approval of Board such interest director shall not participate in the discussion of that particular subject matter that shall be discussed in meeting of the Board.

Criteria for given omnibus approval decided by the Audit Committee at any time shall be approved by the Board of Directors.

### iv. 6.3. Approval of Shareholders:

In following cases requires approval of Shareholders:

- All Material Related Party Transactions shall require approval of shareholders of the Company through ordinary resolution and all related party shall not participate in the voting on such resolution.
- Transactions which are not in ordinary business and not at arm's length price and cross threshold limits specified in section 188 of the Companies Act, 2013 shall require the prior approval of shareholders of the Company through ordinary resolution. All the related parties shall not vote on such resolution.

## 7. MATERIAL RELATED PARTY TRANSACTION

Nature of Transactions	Materiality Thresholds as per Companies Act, 2013
Sale, purchase or supply of any goods or materials directly or through appointment of agents	Exceeding 10% of Turnover or Rs.100 Crores, whichever is lower
Buying, selling or disposing of property of any kind directly or through appointment of agents	Exceeding 10% of Net worth or Rs.100 Crores, whichever is lower
Leasing of any kind of property	Exceeding 10% of Net worth or 10% of Turnover or Rs.100 Crores, whichever is lower
Availing or rendering of any services directly or through appointment of agents	Exceeding 10% of Turnover or Rs.50 Crores, whichever is lower
Appointment of any agent for purchase or sale of goods, materials, services or property	Exceeding 25% of the Annual Turnover.
Appointment to any office or place of profit in the company, its subsidiary company or associate company	Monthly remuneration exceeding Rs.250,000
Remuneration for underwriting the subscription of any securities in or derivatives thereof	Exceeding 1% of net worth

## 8. DISCLOSURE OF POLICY

- Every Related Party Transaction with proper justification shall be disclosed in the Directors Report.

- Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- The company shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report.

This Policy will be communicated to all operational employees and other concerned persons of the Company.

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