POLICY ON MATERIALITY OF AND DEALING WITH RELATED PARTY TRANSACTIONS

KFin Technologies Limited

SIGNATORIES

Version	Prepared by	Reviewed by	Confirmed by	Approved by
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VERSION CONTROL

Version	Date	Description	Description of Changes
1.0	November 16, 2018	Policy on Related Party Transactions	New Policy
2.0	March 05, 2021	Policy on Related Party Transactions	Updated
3.0	June 06, 2022	Policy on Materiality of and Dealing with Related Party Transactions	Aligned with SEBI (LODR) Regulations, 2015
3.1	September 28, 2022	Policy on Materiality of and Dealing with Related Party Transactions	Insertion of Clause 6A
4.0	June 24, 2025	Policy on Materiality of and Dealing with Related Party Transactions	Updated as per SEBI (LODR) Regulations, 2015 and SEBI Circular dated December 13, 2024

1. Background

1.1 KFin Technologies Limited ("**the Company**" / "**KFintech**") is a Company incorporated under the Companies Act, 2013. In the normal course of business, KFintech enters transactions with Related Parties across the globe to meet its business objectives. Thus, Related Party Transactions are indispensable for the Company. The Related Party may have potential or actual conflicts of interests. KFintech has always followed the highest standards of ethics, governance and transparency to conduct its business activities including Related Party Transactions adhering to an appropriate governance framework. KFintech ensures that its Related Party Transactions are in the best interest of the Company and the relationship with Related Parties does not in any way influence the transactions.

1.2 The Companies Act, 2013 ("**the Act**") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI LODR**") as amended from time to time prescribe comprehensive regulatory framework governing the Related Party Transactions. The Act and the SEBI LODR also require the Companies to adopt comprehensive policy on dealing with the Related Parties.

1.3 In the context of above, in compliance with the provisions of the Act and SEBI LODR, on recommendations of the Audit Committee, the Board of Directors of KFintech has adopted this Policy on Materiality and Dealing with Related Party Transactions ("**the Policy**").

1.4 The Policy *inter-alia* encompasses process for identification of Related Parties, procedure for entering into Related Party Transactions, approval at various levels, disclosures and reporting obligations, criteria and procedure for approving Related Party Transactions, etc.

1.5 This policy shall be in line with Section 188 of the Act, Companies (Meeting of Board and its Power) Rules, 2017, SEBI LODR, Industry Standards on "Minimum information to be provided for Review of the Audit Committee and Shareholders for Approval of Related Party Transaction (RPT)", and such other rules, regulations, circulars, and notifications, as may be applicable and as amended from time to time.

2. Important Definitions

2.1 "**Related Party**" means a person or an entity defined as related party under Section 2(76) of the Act, SEBI LODR or under the applicable accounting standards and include subsidiary, associate, joint ventures, key managerial personnel and their Relatives, directors and their Relatives, promoter and promoter group entities.

2.2 "**Related Party Transaction**" have the meaning as defined under Section 188 of the Act read with Regulation 2(1)(zc) of the SEBI LODR, as amended, and shall mean a transaction involving a transfer of resources, services or obligations between:

(i) the Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or
(ii) the Company 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 Company 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 considered as Related Party Transaction of the Company in terms of SEBI LODR:

(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 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.

2.3 **"Arm's length transaction"** means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.

2.4 "**Material Related Party Transaction**" means a transaction with a Related Party, where the transaction(s) 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 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 into 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 consolidated audited financial statements of the Company.

2.5 **"Annual Consolidated Turnover"** is the gross amount of revenue recognized in the statement of profit and loss from the sale, supply or distribution of goods or on account of services rendered or both, during a financial year as per the last consolidated audited financial statements of the Company.

2.6 **"Management"** means and includes either of Managing Director or Whole time Director or CFO.

2.7 "**Relative**", is any person 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 the following manner, namely:
   a. Father (the term "Father" includes step-father)
   b. Mother (the term "Mother" includes the step-mother)
   c. Son (the term "Son" includes the step-son)
   d. Son's wife
   e. Daughter
   f. Daughter's husband
   g. Brother (the term "Brother" includes the step-brother)
   h. Sister (the term "Sister" includes the step-sister.)

2.8 **“Ordinary Course of Business”** if transactions satisfy any of the following criteria, such transactions will be generally in the Ordinary Course of Business:

I. The Memorandum of Association of the Company should cover such transaction;
II. There are previous instances of the Company having carried out such transaction;
III. These transactions are frequent over a period of time;
IV. The transaction should be in furtherance of the business objectives of the Company;
V. The transactions, if not frequent, are important to the business objectives of KFintech;
VI. The transactions are incidental to the business of the company/ part of standard industry practice or but for which the business would be adversely affected;

This is not exhaustive criteria and the Company should assess each transaction considering its specific type, nature, value and circumstances.

2.9 “**Industry Standard**” shall mean the Industry Standards on “Minimum information to be provided for Review of the Audit Committee and Shareholders for Approval of Related Party Transaction (RPT)”, as may be applicable, as notified by SEBI vide its circular dated February 14, 2025.

Explanation: Any words used in the Policy but not defined herein shall have the same meaning ascribed to it in the Act or Rules made thereunder, SEBI LODR, Indian Accounting Standards or any other relevant legislation / law applicable to the Company.

3 Interpretation

3.1 In any circumstances, where the terms of the Policy differ from any existing or enacted Law(s), Rule(s), Regulation(s) governing the Company, then such Law(s), Rule(s) or Regulation(s) shall prevail over this Policy.

3.2 In case of any dispute or difference upon the meaning/interpretation of any provision in the Policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee in such a case 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 outside expert as it deems fit.

4 Identification of Related Parties and the Related Party Transactions

4.1 Every Director and Key Managerial Personnel (KMP) shall, at the time of appointment, annually and whenever there is any change in the information already submitted, provide requisite information about all persons, firms, entities in which he is interested whether directly or indirectly, to the Company Secretary.

4.2 On the basis of the above referred information received and basis the Act and SEBI LODR, a consolidated list of Related Parties shall be prepared.

4.3 The potential transactions with the Related Parties, as per the above-mentioned list, shall be identified and a comprehensive proposal shall be submitted with details as per clause 6.2 of this Policy for requisite prior approval.

5 Approval of the Related Party Transactions

5.1 Approval of the Audit Committee

5.1.1 All Related Party Transactions and subsequent material modifications, subject to clause 5.1.2 of this Policy, shall require prior approval of the Audit Committee, whether at a meeting or by resolution passed by circulation.

5.1.2 These provisions shall not apply to transactions, other than transactions referred to in Section 188 of the Act, entered into with wholly owned subsidiaries.

5.1.3 The Audit Committee may also grant omnibus approval for the Related Party Transactions proposed to be entered into by the Company or by its subsidiary, which are routine and repetitive in nature, if the transactions satisfy the following conditions:

I. Such Related Party transactions are repetitive in nature.

II. Specific need of such omnibus approval i.e. the transactions are in the best interest of the Company.

5.1.4 The omnibus approval shall specify (a) the name(s) of the Related Party, (b) nature of transaction, (c) duration/period of transaction, (d) maximum amount of transaction that can be entered into, (e) the indicative base price / current contracted price and the formula for variation in the price, if any, (f) minimum information as required under the Industry Standards, as may be applicable and amended from time to time, to be placed before the Audit Committee and (g) such other conditions as the Audit Committee may deem fit;

5.1.5 Where the need for Related Party Transaction cannot be foreseen and the aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rupees One crore per transaction.

5.1.6 Such omnibus approval shall be based on the criteria specified in clause 6.1 of this Policy.

5.1.7 Omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.

5.1.8 In case the Committee does not approve any transaction, then it shall make its recommendations to the Board.

5.1.9 In case any member of the Committee is interested in any potential Related Party Transaction, such member shall abstain from voting when such transaction is being considered.

5.1.10 The Audit Committee, at the time of approval of RPTs, shall take into consideration the certificate to be placed before it by the Chief Executive Officer or Chief Financial Officer or any other Key Managerial Personnel of the Company, confirming that the RPT(s) to be entered into are not prejudicial to the interest of public shareholders of the Company and the terms and conditions of the proposed RPT(s) are not unfavourable to the Company, compared to terms and conditions, had similar transaction(s) been entered into with an unrelated party. This certificate shall be placed before the Committee in terms of the Industry Standards.

5.2 Approval of the Board of Directors

The following Related Party Transactions shall be subject to prior approval of Board of Directors:

5.2.1 All kinds of transactions with the Related Parties which are not in the Ordinary Course of Business or not executed at an arm's length shall require approval of the Board of Directors by way of a resolution at a meeting of the Board.

5.2.2 Transactions which are not approved by the Audit Committee or in the opinion of the

Audit Committee need special consideration / determination by the Board, may be recommended to the Board for its approval.

5.2.3 Where it is mandatory under any law for Board to approve the Related Party Transactions.

5.2.4 Related Party Transactions, in which the Directors or the Key Managerial Personnel, are concerned or interested.

Where any director is concerned or interested in any potential Related Party Transaction, such director shall abstain from discussion and voting when such transaction is being considered.

5.3 Approval of the Shareholders of the Company

5.3.1 The following Related Party Transactions shall be subject to prior approval of shareholders of the company by way of a resolution:

I. All Material Related Party Transactions and subsequent material modifications;

II. Related Party Transactions, which are not in the Ordinary Course of Business or not executed at an arm's length basis, exceeding the threshold limits as may be prescribed under the Companies Act, 2013 and the Rules made thereunder.

5.3.2 Approval of Shareholders of the Company shall not be required for transactions entered into with wholly owned subsidiaries whose accounts are consolidated with the Company.

5.3.3 No Related Party shall vote to approve such resolution whether the entity is Related Party to the particular transaction or not.

6 Procedure and Criteria for approving Related Party Transactions

6.1 The Audit Committee shall specified the following criteria for granting omnibus approval:

6.1.1 The maximum value of the transactions, in aggregate, which can be allowed under omnibus route in a year will be 40% of Annual Consolidated Turnover of the Company as per the last audited financial statement;

6.1.2 The maximum value per transaction which can be allowed with joint venture(s), associates and subsidiaries (*and any other related party except as provided in clause 6.1.3 of this Policy*) under omnibus route will be up to 5% of the Annual Consolidated Turnover;

6.1.3 Any transaction with Director, Key Managerial Personnel, Promoter, Promoter group under omnibus route shall additionally require Board approval;

6.1.4 While assessing any proposal, the Audit Committee may review the documents / seek information from Management or get clarification or opinion as per clause 6.2 of this policy;

6.1.5 The transactions undertaken pursuant to omnibus approval by the Company or its subsidiary shall be reviewed by the Audit Committee on a quarterly basis;

6.1.6 Transactions of following nature will not be subject to omnibus approval of the Audit Committee:

I. Transactions which are not repetitive in nature;

II. Transactions involving sale or disposal of an undertaking of the Company;

III. Transactions involving sale or disposal or assignment of any significant or critical asset of the Company.

6.2 For the purpose of procuring approval of the Audit Committee / the Board, the Management shall submit a comprehensive proposal for approval of the Related Party Transactions containing the following information:

6.2.1 Name of the Related Party and nature of relationship;
6.2.2 Nature, duration of the contract and particulars of the contract or arrangement;
6.2.3 Material terms of the contract or arrangement including the value, if any;
6.2.4 For transactions requiring omnibus approval:
  I. Maximum amount of transaction that can be entered into during the financial year.
  II. Indicative base price / current contracted price and the formula for variation in the price, if any.
6.2.5 Any advance paid or received for the contract or arrangement, if any;
6.2.6 in case of transactions not requiring Omnibus Approval, manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
6.2.7 Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors;
6.2.8 Confirmation as per clause 6.4 of this policy;
6.2.9 Minimum information as required under the Industry Standards, as may be applicable and amended from time to time, to be placed before the Audit Committee / Board; and
6.2.10 Any other information relevant or important for the Board/Audit Committee to take a decision on the proposed transaction.

6.3 In determining whether to approve a Related Party Transaction, the Committee shall *inter-alia* consider the following factors to the extent relevant in the matter:

6.3.1 Whether the proposed transactions are in the best interest of the Company;
6.3.2 Whether the terms of the proposed Related Party Transactions are fair and on arm's length basis;
6.3.3 Whether the proposed Related Party Transactions are permissible under the provisions of the applicable laws;
6.3.4 Whether such contract or arrangement is entered into on terms no less favorable to the Company than terms generally available to an unaffiliated third-party under the same or similar circumstances;
6.3.5 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;
6.3.6 Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
6.3.7 Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company / extent of the Director or KMP's interest in such contract or arrangement.

6.4 Audit Committee / the Board can rely on following:

6.4.1 For approval or ratification or any material revision in the approved terms of the Related Party Transactions, the following opinions from CFO, external consultant or such other officer as may be approved by the Audit Committee shall be submitted to the Audit Committee along with the proposal:
  I. That transactions are in the Ordinary Course of Business;
  II. The transactions are at an Arm's Length Basis,

Provided that the person submitting the above referred opinion or certificate should not be interested in the proposed transaction either directly or indirectly.

6.4.2 For the purpose of review of the Related Party Transactions under clause 9.2 of this Policy, a confirmation from either of CFO, external consultant or such other officer as may be approved by the Audit Committee:

I. The transactions are on arm's length
II. The transactions are in the Ordinary Course of Business
III. The transactions entered are as per the terms and within the limits approved by the Audit Committee / Board;

6.4.3 In case there is any change in the approved limits/terms of any transactions, the proposal for ratification of transaction shall be submitted as per clause 6.4.1. The Audit committee / Board also has the authority to modify previously approved Related Party Transactions.

6.4.4 The Management shall submit a certificate / opinion procured from a chartered accountant or other consultant for the purpose of transfer pricing or related tax law compliances confirming that all the transactions with related parties are at arm's length to the Audit Committee.

6A Material Related Party Transactions

The Audit Committee shall consider the following as material modification to an RPT:

6A.1 As regards related party transactions approved by the Audit Committee, any modification would be considered to be a material modification requiring approval of the Audit Committee, except where the change is necessary to keep the price at arm's length or for compliance with provision of any applicable law.

6A.2 Any modification in a material related party transaction approved by shareholders shall be considered to be a 'material modification' requiring approval of the shareholders to such modification under the following circumstances:

6A.2.1 Change in the parties interested in the concerned RPT or change in shareholding of the related party amounting to creation of direct /indirect interest of another related party. However, any change which is part of internal group restructuring, such a way that there is no change in ultimate beneficial owner of the related party, shall not be considered as material modification.

6A.2.2 Any change in price by more than 10% shall be considered material. Any price adjustment that is necessary for meeting arm's length criteria shall not be considered as material modification.

6A.2.3 As regards transactions with promoters/directors/their relatives/entities under their control, any change in principal terms approved by shareholders shall be considered to be a material change.

6A.2.4 As regards transactions of loan /financial assistance, any proposal of waiver of full /part of interest or principal amount or extension of period of repayment on the terms and condition which are not commensurate with the principal terms approved by the shareholders, except where it is with/ amongst wholly-owned subsidiaries and get eliminated upon consolidation.

6A.2.5 Extension of period of RPT by more than 6 months than the original tenure, provided however that extension upto 6 months, shall be on the same lines as the existing price/terms of the transaction/s approved by the shareholders.

7 Related Party Transactions not previously approved

7.1 Ratification by Audit Committee:

The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

7.1.1 the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;

7.1.2 the transaction is not material in terms of the provisions of sub-regulation (1) of this regulation;

7.1.3 rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;

7.1.4 the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of this regulation;

7.1.5 any other condition as specified by the audit committee:

Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the Company against any loss incurred by it.

8 Deemed Approval

8.1 The transactions or arrangements which are specifically dealt under the separate provisions of the Law and executed under separate approvals/procedures from relevant competent authority or committee shall be deemed to be approved under this Policy. Such transactions are enumerated below:

8.1.1 Appointment and payment of remuneration, including any variations thereto, to Key Managerial Personnel or Senior management pursuant to the Nomination and Remuneration Committee approval;

8.1.2 Payment of remuneration, fees, commission, etc. to directors pursuant to the Nomination and Remuneration Committee approval.

8.1.3 Share based incentive plans for the benefits of the Directors or Key Managerial Personnel pursuant to shareholders including ESOPs.

8.1.4 Any benefits, interest arising to Related Party solely from the ownership of Company shares at par with other holders, for example, dividends, right issues, stock split or bonus shares approved by the Nomination and Remuneration Committee or any other Board composed committee.

8.1.5 Contribution with respect to Corporate Social Responsibility to eligible entity pursuant to approval of Board or the Corporate Social Responsibility Committee.

9 Disclosures & Reporting

9.1 This Policy shall be disclosed on the website of the Company and a web link to the policy shall be provided in the Annual Report.

9.2 A summary statement of Related Party Transactions entered into by the Company shall be submitted to the Audit Committee in quarterly meetings for information, review and noting. Such submission to the Audit Committee shall be accompanied by a certification as per clause 6.4 of this Policy.

9.3 The details of Related Party Transactions shall be disclosed in the Annual report of the Company, to the Stock Exchanges and other regulatory bodies as per the provisions of Indian Accounting Standards, the Act, SEBI LODR or any other applicable laws and regulations.

10 Review and amendments

10.1 Based on the recommendations of the Audit Committee, the Board, may review or amend this Policy at any time without any prior intimation and establish further rules or procedures, periodically and as required under the Act or SEBI LODR, to give effect to this Policy.

10.2 The Company Secretary and Chief Financial Officer are jointly authorized to amend the Policy to give effect to any changes / amendments notified by Ministry of Corporate Affairs or SEBI w.r.t. Related Party Transactions from time to time. Such amended policy shall be periodically placed before the Audit Committee for noting and ratification.

11 Contact

For queries related to this Policy, please contact

Company Secretary and Compliance Officer
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