



K.P.R. MILL LIMITED

**RELATED PARTY TRANSACTION
POLICY**



Related Party Transactions Policy

Approved by the Audit Committee on: 28.01.2015
Approved by the Board of Directors on: 05.02.2015

Reviewed by the Audit Committee on: 27.06.2020 &
Reviewed by the Board of Directors on: 27.06.2020

1. PREAMBLE

The Related Party Transactions (“RPTs”) Policy is prepared to comply with the requirements of Listing Agreement entered by the Company with the Stock Exchanges (Listing Agreement) and the provisions of Section 188 of the Companies Act, 2013 (Act). In the event, the provisions of the RPT Policy are inconsistent with the Regulations; the Regulations as amended from time to time, will prevail over the RPT Policy.

2. OBJECTIVE

The objective of this Policy is to set out the materiality thresholds for related party transactions and the manner of dealing with the transactions between the Company and its related parties based on the Act, Clause 49 of the Listing Agreement and any other laws and regulations as may be applicable to the Company.

3. SCOPE

The Policy shall be governed by the Act and the Listing Agreement, as amended from time to time.

4. DEFINITIONS

For the purpose of this policy, the following definitions shall apply:

“**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.

“**Ordinary Course of Business**” means a transaction which is carried out in the normal course of business envisaged in accordance with the Memorandum of Association (“MoA”) and the Articles of Association (“AoA”) of the Company as amended from time to time.

“**Relative**” in relation to a related party shall have the same meaning assigned to in Section 2(77) of the Act and the Accounting Standards.

“**Related Party**” will have the same meaning as defined under Section 2(76) of the Act and/or the Clause 49 of the Equity Listing Agreement and as may be amended from time to



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time.

“**Related Party Transaction**” means transaction as envisaged as a related party Transaction under the Companies Act, 2013 and/or under the Listing Agreement (as amended from time to time)

“**Material Related Party Transactions**” will have the same meaning as defined in Clause 49 of the Equity Listing Agreement.

“**Key Managerial Personnel**” mean the officers of the Company as defined under Section 2(51) of the Act.

“**Board of Directors or Board**” means the collective body of the Directors of the Company.

“**Audit Committee**” means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Act and the Clause 49 of the Equity Listing Agreement.

“**Company Secretary (CS)**” means a Company Secretary as defined in Section 2(24) of the Act.

“**Transaction**” shall be construed to include single transaction or a group of transactions in a contract or arrangement.

Any other term not defined herein shall have the same meaning as defined in the Act, the Equity Listing Agreement, Securities Contract (Regulation) Act, 1956 or any other applicable law or regulation, as the case may be.

5. MATERIALITY THRESHOLDS

‘The materiality thresholds limits beyond which the approvals have to be sought are as prevailed in the provisions of the Companies Act and SEBI (LODR) in the relevant Sections as may be amended from time to time for the applicable transactions.’

6. POLICY

1. In terms of this RPT Policy, either the Company or the persons authorized by the Board in accordance with this Policy may enter into any RPTs.
2. The RPT Policy may be reviewed, approved and amended from time to time by the Board of Directors of the Company on the recommendation of the Audit Committee.
3. The Audit Committee may grant omnibus approvals as envisaged in the Regulations.
4. All transactions by the Company with related parties shall require approval of the Audit Committee as specified in the Regulations.



5. The Audit Committee shall on quarterly basis review the RPTs.
6. All RPTs which are not in Ordinary Course of Business or not at Arm's Length or both will additionally require prior approval of Board of Directors and Shareholders through special resolution as per the Act (as amended from time to time).
7. All Material Related Party Transactions other than those exempted under Clause 49 or Act shall require approval of shareholders through special resolution.
8. The Audit Committee or Board shall determine whether the transaction is in the ordinary course of business and at arm's length basis.

7. IDENTIFICATION OF RELATED PARTY TRANSACTIONS

1. On an annual basis, the Company Secretary (CS) shall request a disclosure from each Director and each KMP and other related parties within the meaning of Section 2(76), 184 and 189 of the Act and Clause 49 of the Equity Listing Agreement in the prescribed format.
2. Directors and KMPs would be responsible for promptly notifying the CS in case of any changes/updates occurring in the related parties and in respect of details pertaining to such related parties declared by them.
3. Any individual appointed/elected as a Director or KMP shall be responsible to promptly complete and submit to the CS, the disclosure declaration referred above.

The Company prefers to receive such notice of any potential Related Party Transaction in advance so that the Audit Committee / Board have sufficient time to review information regarding the proposed transaction.

8. PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTIONS

Approval of the Audit Committee

All related party transactions shall require prior approval of the Audit Committee. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into with the Company subject to compliance of the conditions contained in clause 49 of the listing agreement.

Transactions entered into between a Holding Company and its wholly owned Subsidiary whose accounts are consolidated with such Holding Company and placed before the shareholders at the general meeting for approval shall not require prior approval of the Audit Committee.



Approval of the Board of Directors of the Company

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business or not at arm's length basis or both, and such other transactions as may be prescribed by the Act and Listing Agreement are placed before the Board for its approval.

Approval of the Shareholders of the Company

All the transactions with related parties meeting the materiality thresholds, laid down in Clause VI of the Policy, are placed before the shareholders for approval.

For this purpose, the entities falling under the definition of related parties shall abstain from voting wherever the Provisions of the Companies Act 2013 so requires.

9. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THE POLICY

In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit 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

10. RATIFICATION BY 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 Board or shareholders pursuant to Section 188(1) of the Act may be ratified by the Board and/or Shareholders.

11. DISCLOSURES

Appropriate disclosures & reporting as required under the Act and the Listing Agreement will be made.

The Company shall disclose the RPT Policy on its website and a web link thereto shall be provided in the Annual Report.

12. COMPLIANCE WITH RPT POLICY

Every person associated with RPT shall be accountable for complying with this RPT Policy



that may be in force from time to time.

13. ADMINISTRATIVE MEASURES

The Audit Committee of the Company, subject to supervision of the Board, shall be the Competent Authority for investigating and taking appropriate actions / steps for prevention or remedy of any breach and / or defaults in complying with this Policy.

14. INTERPRETATION

Subject to the superintendence of the Board, this Policy shall be interpreted and administered by the Audit Committee.

