



**K.P.R. MILL LIMITED**

**RELATED PARTY TRANSACTION  
POLICY**

# K.P.R. MILL LIMITED – Related Party Transaction Policy

## RELATED PARTY TRANSACTION POLICY

Approved by the Audit Committee on: 28.01.2015

Approved by the Board of Directors on: 05.02.2015

Reviewed by the Board of Directors on: 27.06.2020

Reviewed by the Audit Committee and the Board of Directors on: 07.11.2022

### 1. PREAMBLE

The Related Party Transactions (“RPTs”) Policy is prepared to comply with the requirements of the provisions of Section 188 of the Companies Act, 2013 (Act) and SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 (Listing Regulations). 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, Listing Regulations 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 Regulations, 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 read with Rules thereto and clause (zb) of Regulation 2 of the Listing Regulations and as may be amended from time to time.

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

### “Material Related party Transaction”

Nature of Transactions	Materiality as per Companies Act, 2013 (A)	Materiality as per SEBI LODR (B)
Sale, purchase or supply of any goods or materials directly or through appointment of agents	Exceeding 10% or more of Turnover of the Company	All transactions (individual or together with previous transactions) with one party exceeding the lower threshold of Rs.1000 Crore or 10% of the annual Consolidated turnover whichever is lower.
Buying, selling or disposing of property of any kind directly or through appointment of agents	Exceeding 10% or more of Net worth of the Company	
Leasing of any kind of property	Exceeding 10% or more of Turnover of the Company	
Availing or rendering of any services directly or through appointment of agents	Exceeding 10% or more of Turnover of the Company	
Appointment to any office or place of profit in the Company, its Subsidiary Company or Associate Company	Monthly remuneration exceeding Rs.2,50,000	
Remuneration for underwriting the subscription of any securities in or derivatives thereof	Exceeding 1% of net worth	
Transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material	-	
Transfer of resources, services or obligations.	-	

The Turnover or Net Worth referred in the above table shall be computed on the basis of the Audited Financial Statement of the preceding financial year.

“**Material modification**” shall mean any change to the existing limits by 100% or more.

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“**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 Regulation 18 of the Listing Regulations.

“**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 Listing Regulations, Securities Contract (Regulation) Act, 1956 or any other applicable law or regulation, as the case may be.

### 5. 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 ordinary resolution as per the Act (as amended from time to time).
7. All Material Related Party Transactions shall require approval of shareholders through ordinary 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.

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## 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 Regulation 4(2)(f) of the Listing Regulations 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.

## 6. PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTIONS

### Approval of the Audit Committee

All related party transactions and subsequent material modifications 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 Regulation 23(3) of the listing regulations and rule 6A of Companies (Meetings of Board and its Powers) Rules, 2014.

Approval of Audit Committee is required for Related Party Transactions where subsidiary Company is a party but the Company is not a party, subject to threshold of 10% of the Consolidated Turnover of the Company. With effect from 1<sup>st</sup> April, 2023, this threshold limit will stand modified to being 10 % of the Standalone turnover of the Subsidiary Company.

Transactions entered into between a Holding Company and it's 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.

Any transaction entered into between two wholly owned subsidiaries, whose accounts are consolidated with Holding Company and placed before the shareholders at the General Meeting for approval shall not require prior approval of the Audit Committee.

All entities / persons 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.

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The interested Director shall not be present at the Audit Committee / Board Meeting during the discussions on the Related Party Transaction in which he / she is interested. Only Independent Directors who are Members of the Audit Committee can approve the Related Party Transactions.

## 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 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 in 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.

## **7. 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.

## **8. 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 should be ratified by the Board and/or Shareholders within three months from the date on which such contract or arrangement was entered.

## **9. DISCLOSURES**

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

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

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## **10. 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.

## **11. 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.

## **12. INTERPRETATION**

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