



POLICY ON RELATED PARTY TRANSACTIONS

Version	4.0
Prepared By	Company Secretary
Policy Owner	Company Secretary
Approved By	Audit Committee and Board of Directors
Date of Adoption	18 February 2015
Revised on	1 st - 08 February 2019 2 nd - 12 February 2022 3 rd - 20 May 2024
Email	cs@krblIndia.com
Effective Date	20 May 2024
Due date for review	Once in every 3 Year

1. PURPOSE

The purpose of the policy is to provide a framework for the proper approval, reporting, and disclosure of transactions between KRBL Limited (the Company) and its related parties, as required under Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021 dated 09 November, 2021 and SEBI Circular dated 22 November 2021.

2. DEFINITIONS

- (i) **"Act"** means Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactments thereof.
- (ii) **"Accounting Standards"** means the standards of accounting or any addendum thereto for companies or class of companies referred to in Section 133 of the Act.
- (iii) **"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.
- (iv) **"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
- (v) **"Ordinary course of business"** would have the meaning as defined by the Institute of Chartered Accountants of India, Companies Act, 2013, and as per the guidelines and judicial and other pronouncements, as applicable from time to time.
- (vi) **"Audit Committee or Committee"** means Committee of the Board of Directors of the Company constituted under Regulation 18 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.
- (vii) **"Board of Director"** or **"Board"** means the Board of Directors of KRBL Limited, as constituted from time to time.
- (viii) **"Company"** means KRBL Limited.
- (ix) **"Control"** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- (x) **"Key Managerial Personnel"** means Key Managerial Personnel (KMP) of the Company under the Companies Act, 2013 and includes –

- i. Chief Executive Officer or Manager Director or Manager;
 - ii. Company Secretary;
 - iii. 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, as designated as Key Managerial Personnel by the Board; and
 - vi. such other officer as may be prescribed.
- (xi) **"Listing Regulations"** shall mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any modifications, clarifications, circulars or re-enactment thereof.
- (xii) **"Policy"** means Related Party Transaction Policy including amendments, if any, from time to time.
- (xiii) **"Relative"** with reference to a Director or KMP means the person as defined in Section 2(77) of the Act and rules prescribed thereunder and shall include with reference to any person, means one who is related to another in any of the following manner —
- i. if they are members of a Hindu Undivided Family
 - ii. if they are husband and wife
 - iii. Father (including step-father)
 - iv. Mother (including step-mother)
 - v. Son (including step-son)
 - vi. Son's wife
 - vii. Daughter
 - viii. Daughter's husband
 - ix. Brother (including step-brother)
 - x. Sister (including step-sister)
- (xiv) **"Related Party"** in relation to the Company, means a person or entity which is
- i. a related party in Section 2(76) of the Act or under Regulation 2 (1)(zb) of the Listing Regulations including the following:
 - ii. any person or entity forming a part of the promoter or promoter group of the company; or
 - iii. any person or any entity, holding equity shares of 10% or more in the company either directly or on a beneficial interest basis as provided under section 89 of Act at any time, during the immediately preceding financial year.
 - iv. a related party under the applicable Accounting Standards;

- (xv) **"Related Party Transaction"** means a transaction between the Company and a Related Party which is of the nature specified in sub-clause (a) to (g) of Section 188(1) of the Act, and any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between a Company or any of its subsidiaries and a Related Party a related party of the Company or any of its subsidiaries, regardless of whether a price is charged.

It is also to include transactions between 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.

A transaction with a related party shall be construed to include a single transaction or a group of transactions in a contract.

Further, the transactions specifically excluded under the Act or Listing Regulations shall not be considered as related party transactions.

- (xvi) **"Material Related Party Transactions"** shall mean a transaction to be entered into with a Related Party, individually or taken together with previous transactions during a financial year, exceeding the following thresholds:
- i. In case of transactions involving payments made with respect to brand usage or royalty, if it exceeds 5% (five) of the annual consolidated turnover of the Company as per its last audited financial statements;
 - ii. In case of any other transaction(s), if the amount exceeds Rs. 1,000 crores or 10% (ten percent) of the annual consolidated turnover of the Company as per its last audited financial statements, whichever is lower.
- (xvii) **"Subsequent Material Modifications"** means any modifications of such transactions which were approved during the year and will change the complete nature of the transaction and in case of monetary thresholds which is in excess twenty percent of the total monetary value of originally approved transaction. and shall include
- i. Increase in the limit of amounts approved for a Related Party Transaction with a Related Party in a financial year;
 - ii. significant terms and conditions of the contract with a Related Party such as modifications in price, margin, significant alteration to the credit period and material changes in scope of deliverables

- (xviii) **“Unforeseen Related Party Transaction”** means a Related Party Transaction, where the need for such transaction cannot be foreseen, the details whereof necessary for seeking an omnibus approval of the Audit Committee are not available and the value of such transaction does not exceed Rupees one crore per transaction.
- (xix) **“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.
- (xx) **“Transactions in the ordinary course of business”** mean transactions/activities that are connected to or necessary for the business of the Company and satisfy the following principles:
- a) The transaction/activity is permitted under the Memorandum and the Articles of Association of the Company;
 - b) The transaction/activity is carried on a frequent or regular basis or is as per the industry practice and
 - c) The terms of the transaction/activity are similar to those which would be otherwise applicable to transactions with unrelated parties.

3. DISCLOSURE BY THE DIRECTORS AND KMPS

Each Director and Key Managerial Personnel shall at the beginning of financial year disclose to the Company Secretary of the Company their Related Parties and disclose any changes thereto during the financial year as immediately as practicable. The Company shall also identify Related Party Transactions, if any, with Directors or Key Managerial Personnel of the holding company/ies or their relatives.

4. APPROVAL PROCESS

Approval of the Audit Committee:

- All Related Party Transactions and Subsequent Material Modifications shall require approval of the Audit Committee and only those members who are Independent Directors shall approve the Related Party Transactions.
- A prior approval of the Audit Committee shall be required for all Related Party Transactions except for the following:
 - a) Transactions between the Company and its wholly owned subsidiary/(ies) whose accounts are consolidated with the Company and placed before the shareholders at the general meeting of the Company for approval (“WOS Transactions”) Provided that any of the above Related Party Transaction which is not in the ordinary course of business or not at arm’s length shall require a prior approval of the Audit Committee.
 - b) Unforeseen Related Party Transactions

- Provided that a Related Party Transaction to which the subsidiary of the Company is a party but the Company is not a party shall require prior approval of the Audit Committee only if the value of such transaction, whether entered into individually or taken together with previous transactions during a financial year, exceeds the following thresholds or such other thresholds as prescribed under SEBI LODR Regulations from time to time.
- The Audit Committee shall approve/ratify the transactions listed under points (a) and (b) above subsequently.
- Related Party Transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before its shareholders at the general meeting for approval, shall not require approval of the Audit Committee.
- The Audit Committee may grant omnibus approval for Related Party Transactions considering the repetitive nature of the transactions.
- The Audit Committee, shall, after being authorized by the Board of Directors, specify the criteria for granting omnibus approvals to the Related Party Transactions proposed to be entered into by the Company in the manner and to the extent prescribed under the Laws. Such omnibus approvals shall be valid for one financial year. The Audit Committee shall, while granting such omnibus approvals, satisfy itself about the adherence to the criteria so specified by it.
- The Audit Committee shall satisfy itself about the need for such omnibus approval and that such approval is in the interest of the Company.
- The omnibus approval granted by the Audit Committee shall include the following particulars:
 - Name of the related parties;
 - Nature and duration of the transaction;
 - Maximum amount of transaction that can be entered into;
 - The indicative base price or current contracted price and the formula for variation in the price, if any; and
 - Any other information relevant or important for the Audit Committee to take a decision on the proposed transaction.
- In case of Unforeseen Related Party Transactions, the Audit Committee may grant an omnibus approval for such transactions provided that the value does not exceed Rs.1 crore per transaction in a financial year.
- The Audit Committee shall not grant omnibus approval for transactions in respect of selling or disposing of the undertaking of the Company.
- All Material Related Party Transactions shall be reviewed and validated by the Statutory Auditors of the Company and a confirmation of the same shall be made to the Audit Committee, the Board of Directors and the Shareholders of the Company while seeking the necessary approvals.
- Any Director or Key Managerial Personnel who is interested in any Related Party Transaction shall not be present at the meeting of the Board or Audit Committee during discussions on the subject matter of the resolution relating to such transaction.
- The Audit Committee shall review, on a quarterly basis, the details of all Related Party Transactions entered into by the Company.
- On a quarterly basis, the management shall submit a report to the Audit Committee providing a comparison between the approvals granted and the actual transactions.

Approval of Board of Directors:

Following transactions shall require a prior approval of the Board:

- a) Related Party Transactions which are not in the ordinary course of business or not at arm's length price and
- b) Material Related Party Transactions.

Approval of Shareholders:

- All Material Related Party Transactions and Subsequent Material Modifications shall require prior approval of the Shareholders of the Company by way of a resolution and no related party shall vote to approve such resolutions whether the entity is a party to the particular transaction or not.
- All Related Party Transactions which are not in the ordinary course of business or not at arm's length and which are in excess of the limits prescribed under the Act requiring the approval of shareholders, shall require an approval of the Shareholders by way of a resolution; and in such cases, the Related Party/(ies) to the transaction shall abstain from voting on such resolution.
- While seeking the approval of the Audit Committee, Board or the Shareholders, all information that is relevant and necessary to the Related Party Transaction and as prescribed under the Laws, including any regulations, circulars, clarifications, or notifications issued by SEBI or Ministry of Corporate Affairs, or by the Audit Committee or the Board, shall be duly provided to the Audit Committee, Board or Shareholders, as the case may be.

5. DISCLOSURE BY THE COMPANY

- Appropriate disclosures as required under the Laws shall be made in its Annual Return, Boards' Report and at such other places and to the Stock Exchanges on which equity shares of the Company are listed and such other authority as may be prescribed under the Laws.
- The Company shall disclose the policy on dealing with Related Party Transactions on its website and also a web-link thereto shall be provided in the Annual Report.

6. RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED

In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Audit Committee or Board of Directors or the Shareholders as may be required in accordance with this Policy for review and ratification.

The Audit Committee or the Board of Directors or the Shareholders shall consider all relevant facts and circumstances of such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision or termination of such transaction and the Company shall take such actions as the Audit Committee deems appropriate under the circumstances.

7. IMPLEMENTATION AND AMENDMENT

The Audit Committee shall review the Policy at least once in three years for making suitable amendments for better implementation of the Policy. 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.

The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy. Any subsequent amendment(s)/ modification(s)/ circular(s)/ clarification(s)/ notification(s) in/under the SEBI LODR Regulations or the Act or any other governing Act/Rules/Regulations or re-enactment thereof, impacting the provisions of this Policy, shall automatically apply to this Policy and the relevant provision(s) of this Policy shall be deemed to be modified and/or amended to that extent, even if not incorporated in this Policy.

The power to interpret and administer the Policy shall rest with the Chairperson of the Audit Committee whose decision shall be final and binding. The Chairperson is also empowered to make any supplementary rules/orders to ensure effective implementation of the Policy. These will, however, be reported to or tabled before the Audit Committee, from time to time, to ensure the Committee's oversight on these issues.