

**KAMDHENU LIMITED**

**POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS**

**Revised on 21<sup>st</sup> June, 2021**

## **INTRODUCTION**

- A. Kamdhenu Limited ("Kamdhenu or Company") is governed, amongst others, by the rules and regulations framed by Securities Exchange Board of India ("SEBI"). SEBI has mandated every listed company to formulate a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions.
- B. Accordingly, the Company has formulated this policy (Policy) on materiality of Related Party Transactions and on dealing with Related Party Transactions. This Policy regulates all transactions between the Company and its Related Parties (as defined below).
- C. A transaction with a Related Party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company. 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 audited financial statements of the Company.
- D. The Board of Directors of the Company ("Board") on recommendation of the Audit Committee of the Company ("Audit Committee") shall review the Policy once in three years and may amend the same from time to time

## **OBJECTIVE**

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with Section 177, 184 and 188 of the Companies Act, 2013, read with rules thereunder and Regulation 23 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulation, 2015 and applicable

laws as may be amended from time to time. The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

## **DEFINITIONS**

- A. "the Act" shall mean the Companies Act, 2013 and includes any amendment thereof.

All capitalized terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and the Rules thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), as amended from time to time.

## **REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION**

### **A. AUDIT COMMITTEE:**

- I. All the transactions which are identified as Related Party Transactions should be pre-approved by the Audit Committee before entering into such transaction. The Audit Committee shall consider all relevant factors while deliberating the Related Party Transactions for its approval.
- II. Any member of the Audit Committee who has a potential interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party transaction. A Related Party Transaction which is (i) not in the ordinary course of business, and/or (ii) not at arm's length price, would require approval of the Board and/or of shareholders as discussed subsequently.
- III. The Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive in nature and subject to such

criteria/conditions as mentioned under the Act and Listing Regulations and such other conditions as it may consider necessary in line with this Policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

**As per Section 177 read with Rule 6A of the Act and as per Regulation 23 (3) of Listing Regulations:**

All related party transactions shall require approval of the Audit Committee and the Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the company subject to the following conditions, namely:

1. The Audit Committee shall consider the following criteria while granting the omnibus approval with respect to Related Party Transactions, namely:-
  - a. maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;
  - b. the maximum value per transaction which can be allowed;
  - c. extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
  - d. review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each of the omnibus approval made;
  - e. transactions which cannot be subject to the omnibus approval by the Audit Committee.
  - f. repetitiveness of the transactions (in past or in future);
  - g. justification for the need of omnibus approval.
2. The Audit Committee shall satisfy itself on the need for omnibus approval for transactions of repetitive nature and that such approval is in the interest of the company.
3. The omnibus approval shall contain or indicate the following: -

- a. name of the related parties;
- b. nature and duration/period of the transaction;
- c. maximum amount of transaction that can be entered into;
- d. the indicative base price or current contracted price and the formula for variation in the price, if any; and
- e. any other information relevant or important for the Audit Committee to take a decision on the proposed transaction:

Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may make omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.

- IV. The Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to the omnibus approval. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.
- V. 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 ratification.

#### **B. BOARD OF DIRECTORS:**

In case any Related Party Transactions are referred by the Company to the Board for its approval due to the transaction being (i) not in the ordinary course of business, and/or (ii) not at an arm's length price, the Board will consider such factors as, the name of the related party and nature of relationship, the nature, duration of the contract and particulars of the contract or arrangement, the material terms of the contract or arrangement including

the value, if any, any advance paid or received for the contract or arrangement, if any, the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract, 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; and any other information relevant or important for the Board to take a decision on the proposed transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

In case of transaction, other than transactions referred to in section 188 of the Act, and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board.

### **C. SHAREHOLDERS**

If a Related Party Transaction is (i) a material transaction as per Regulation 23 of the Listing Regulations, and/or (ii) not in the ordinary course of business, and/or not at arm's length price and exceeds certain thresholds prescribed under the Act, it shall require shareholders' approval by a resolution, the explanatory statement to be annexed to the notice of general meeting convened shall contain such particulars namely name of the related party, name of the director or key managerial personnel who is related, if any, nature of relationship, nature, material terms, monetary value and particulars of the contract or arrangements and any other information relevant or important for the members to take a decision on the proposed resolution. In such a case, any member of the Company who is a Related Party, shall not vote on resolution passed for approving such Related Party Transaction.

D. The provisions of regulation 23(2), (3) and (4) of Listing Regulations and Section 188 of the Act shall not be applicable in case of 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.

## **RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY**

In the event the Company becomes aware of a Related Party Transaction that has not been approved under this Policy prior to its consummation, the matter is to be reviewed by the Audit Committee. The Committee is to consider all the relevant facts and circumstances regarding the Related Party Transaction, and evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee is also to examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and take any such action it deems appropriate in accordance with the provisions of Companies Act, 2013 and the Listing Regulations.

## **DISCLOSURE AND REPORTING OF RELATED PARTY TRANSACTIONS**

- a. Details with respect to Related Party Transactions are to be disclosed to the Stock Exchanges (where shares of the company are listed) in the compliance report on corporate governance on quarterly basis.
- b. The policy on dealing with Related Party Transactions is to be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report.
- c. Particulars of every contract or arrangement with Related Parties under section 188 (1) of the Act are to be included in the Board`s Report to the shareholders along with justification for entering into the transaction in the prescribed Form AOC-2.
- d. A Register of contracts or arrangements in which directors are interested pertaining to Related Party Transactions is maintained by the company in accordance with the Companies Act, 2013, which is placed before the Board / annual general meeting as per the requirements of Companies Act, 2013.
- e. Disclosure regarding Related Party relationship and transactions with them are

made in the Financial Statements as per the requirements of relevant Indian Accounting Standards and the Listing Regulations.

- f. The Company shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a standalone and consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

### **AMENDMENTS TO THE POLICY**

The Board of Directors on its own and / or as per the recommendations of Audit Committee can amend this Policy, as and when deemed fit. Any or all provisions of this Policy are subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities found inconsistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.