



Kiri Industries Limited
(CIN: L24231GJ1998PLC034094)

Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions

(As per Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

(Approved by Board of Directors at its meeting held on October 10, 2014 and modified & adopted on February 13, 2019)

A. SCOPE AND PURPOSE OF THE POLICY:

Related party Transactions (RPT) can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 (“Act”) read with the Rules framed there under and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR”), **Kiri Industries Limited (“KIL” or “the Company”)** has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

As per regulation 23(1) of LODR, the listed entity shall formulate a policy on materiality of related party transactions and on dealing with related party transactions and it shall be reviewed by the board of directors at least once every three years and updated accordingly. In view of that, the Board of Directors of the Company had adopted “Related Party Transaction Policy” at their meeting held on October 14, 2014. The said policy was formulated as per the provisions of Clause 49 of the erstwhile Listing Agreement. Therefore, on recommendation of audit committee and in accordance with regulation 23(1) of LODR, this Policy is updated and adopted instead of earlier “Related Party Transaction Policy”.

The Audit Committee may, if thought fit, review and amend the Policy, as and when required, subject to the approval of the Board. Any subsequent notification, circular, guidelines or amendments under Companies Act, 2013, SEBI (LODR), accounting standards and all other applicable laws, as may be issued from time to time shall be mutatis mutandis applicable without any further modification or amendment in this policy.

B. OBJECTIVE OF THE POLICY

The objective of this Policy is to set out (a) the materiality thresholds for related party transactions and; (b) the manner of dealing with the transactions between the Company and its related parties based on the Act and LODR.

C. PROCEDURE

The Company shall enter into any contract(s) or arrangement(s) or transaction(s) with a Related Party only after seeking prior approvals of the following:-

1. **Audit Committee:** All Related Party Transactions, whether entered on arm's length basis or not, shall require **prior** approval of the Audit committee. The Audit Committee

may also grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

- a) The Audit Committee shall, after obtaining approval of the Board of Directors, lay down the criteria while granting omnibus approval and such approval shall be applicable in respect of transactions which are repetitive in nature.
- b) The Audit Committee shall satisfy itself regarding need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company;
- c) The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, viz.:-
 - i. Repetitiveness of the transactions (in past or in future),
 - ii. Justification for the need of omnibus approval.
- d) Such omnibus approval shall specify:-
 - (i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that can be entered into, in aggregate in a year, maximum value per transaction which is allowed,
 - (ii) the indicative base price / current contracted price and the formula for variation in the price if any, and
 - (iii) such other conditions as the Audit Committee may deem fit.

However, where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 Crore per transaction.

- e) Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the company pursuant to each of the omnibus approval given.
- f) Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.
- g) Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
- h) For 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, omnibus approval of Audit Committee and approval of Board of directors is not required.

Details to be provided to the Audit Committee –

With respect to Related Party Transactions requiring approval of the Audit Committee, the following information, to the extent relevant, shall be presented to the Audit Committee:

- A general description of the transaction(s), including the material terms and conditions.
- The name of the Related Party and the basis on which such person or entity is a Related Party.
- Name of director or KMP who is related.
- Period of transaction
- Maximum amount of transaction that can be entered into
- The Related Party's interest in the transaction(s), including the Related Party's position or relationship with, or ownership of, any entity that is a party to or has an interest in the transaction(s).
- The indicative base price / current contracted price and the formula for variation in the price if any
- Any other material information regarding the transaction(s) or the Related Party's interest in the transaction(s).

2. Board of Directors:

All Related Party Transactions, which are proposed to be entered by the Company

- (i) other than in ordinary course of business; and / or
- (ii) other than on arm's length basis, shall require **prior** approval of the Board of Directors of the Company, by means of passing of resolution at a Board Meeting.

Where any director is interested in any contract or arrangement with related party, such director shall not be participate at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

3. Shareholders

As per regulation 23 of SEBI (LODR), all material related party transactions shall require approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not. Provided that the requirements specified under this sub-regulation shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

Explanations:

As per regulation 23 of SEBI (LODR), 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 listed entity as per the last audited financial statements of the listed entity.

In accordance with Section 188 of the Companies Act, 2013 read with rules made thereunder, including any statutory modification, amendment thereof as may be issued from time to time, transactions exceeding limits as tabled below shall require approval of shareholders by a resolution.

Transactions covered	Transaction value
sale, purchase or supply of any goods or materials directly or through appointment of agents *	exceeding 10% or more of Turnover or Rs. 100 Crore, whichever is lower
selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents *	exceeding 10% or more of Net Worth or Rs. 100 Crore, whichever is lower.
leasing of property of any kind*	exceeding 10% or more of Turnover or Net Worth or Rs. 100 Crore, whichever is lower.
availing or rendering of any services directly or through appointment of agents *	exceeding 10% or more of Turnover or Rs. 50 Crore, whichever is lower.
such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company	monthly remuneration exceeding Rs. 2.5 Lakh
Remuneration for underwriting the subscription of any securities or derivatives thereof, of the company*	exceeding 1% of Net Worth

** The limits shall apply for these transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.*

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

- Each director/KMP who is a Related Party with respect to a particular Related Party Transaction shall disclose all material information to the Audit Committee/Board of Directors concerning such Related Party Transaction and his or her interest in such transaction.

5. The Audit Committee shall also review and approve any modification, renewal or extension of any Related Party Transaction.
6. This Policy is intended to augment and work in conjunction with other Company policies having any code of conduct, code of ethics and/or conflict of interest provisions.

D. DISCLOSURES

The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or arm's length basis along with the justification for entering into such transaction.

In addition to the above, the Company shall also provide details of all related party transactions meeting the materiality threshold on a quarterly basis to the stock exchanges.

The policy shall be published on the Company's website www.kiriindustries.com and web link of the policy shall be disclosed in the Company's Annual Report.

E. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS 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. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a related party transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.
