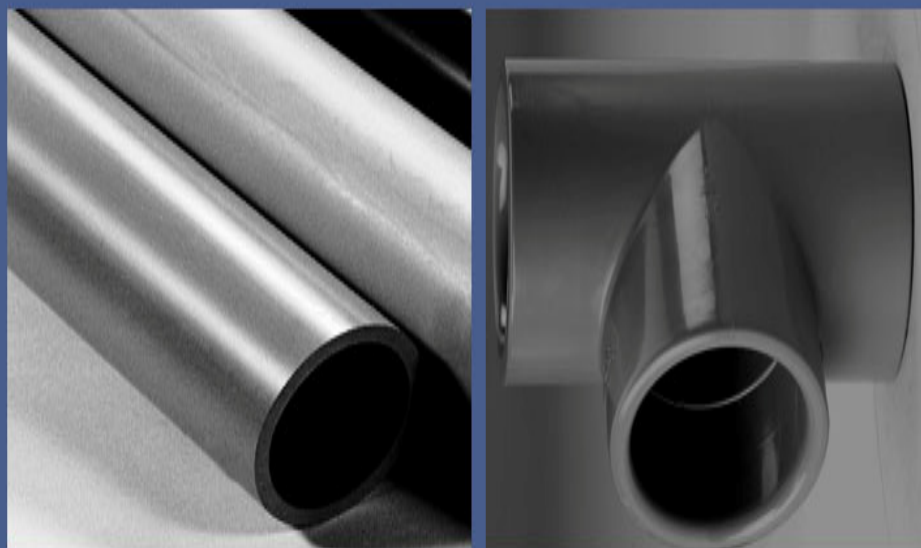


**Sri KPR  
Industries  
limited**



## **POLICY ON RELATED PARTY TRANSACTIONS**

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### **INTRODUCTION**

The Board of Directors (the “Board”) of Sri KPR Industries Limited (the “Company”) has adopted this Policy upon the recommendation of the Audit Committee and the said Policy includes the materiality threshold and the manner of dealing with Related Party Transactions (“Policy”) in compliance with the requirements of Section 188 of the Companies Act, 2013 read with rules made there under and as per the requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (Earlier clause 49 of the Listing Agreement).

Amendments, from time to time, to the Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee.

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions.

### **OBJECTIVE**

- To regulate transactions between the company and its related parties with a view to ensure that such transactions are executed in a transparent and fair manner with requisite approvals, if any.

- To seek necessary approval of the Audit committee or Board or Shareholders as may be necessary, after providing necessary information to them in the prescribed manner.
- To outline the procedures for identification, review, approval, disclosure and reporting of such transactions.

## **DEFINITIONS**

**“Audit Committee or Committee”** means the Committee of the Board constituted from time to time under the provisions of Section 177 of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

**“Board”** means the Board of Directors as defined under the Companies Act, 2013.

**“Material Related Party Transaction”** means a Related Party Transaction which individually or taken together with previous transactions during the financial year, ***exceeds ten percent of the annual consolidated turnover of the Company*** as per the last audited financial statements of the Company or such limits as may be prescribed in the Companies Act, 2013 or rules made there or under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 from time to time.

**“Related Party”** means related party as defined under section 2(76) the Companies Act, 2013 and under the applicable accounting standards as amended from time to time.

**“Related Party Transaction”** means any transaction between the Company and any Related Party for transfer of resources, services or obligations, regardless of whether a price is charged and includes –

- a. Sale, purchase or supply of any goods or materials;
- b. Selling or otherwise disposing of or buying property of any kind;
- c. Leasing of property of any kind;
- d. Availing or rendering of any services;
- e. Appointment of any agent for the purchase or sale of goods, materials, services or property;
- f. Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company;
- g. Financing (including loans and equity contributions in cash or kind);
- h. Providing or obtaining guarantees and collaterals; and
- i. Deputation of employees.

(The above is an indicative list and not an exhaustive one).

**“Relative”** means a relative as defined under section 2(77) read with rule 4 of Companies (Specification of Definitions Details) Rules, 2014 of the Companies Act, 2013 who is related in any of the following manner

- a. Members of a Hindu undivided family;
- b. Husband or wife;
- c. Father (including step-father);
- d. Mother (including step-mother);
- e. Son (including step-son);
- f. Son’s wife;
- g. Daughter;
- h. Daughter’s husband;
- i. Brother (including step-brother); or
- j. Sister (including step-sister).

**“Transaction”** with a related party shall be construed to include a single transaction or a group of transactions.

**“Transactions on arm’s length basis”** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

**“Transactions in the Ordinary Course of Business”** means activities that are necessary, normal, and incidental to the business.

The terms Director, Managing Director, Chief Financial Officer, Company Secretary, shall have the same meaning as assigned under the Companies Act, 2013 and under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

## KEY PRINCIPLES

### MATERIALITY THRESHOLDS FOR RPTs

NATURE OF TRANSACTIONS	MATERIALITY AS PER COMPANIES ACT, 2013
Sale, purchase or supply of any goods or materials directly or through appointment of agents.	Exceeding 10% 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% of network (OR) Rs. 100 Crore,  ↓ whichever is lower
Leasing of any kind of property.	Exceeding 10% of network (OR) 10% of turnover  ↓ whichever is lower
Availing or rendering of any services directly or through appointment of agents.	Exceeding 10% of network (OR) Rs. 50 Crore,  ↓ whichever is lower
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 under writing the subscription of any securities or derivatives thereof.	Exceeding 1% of the net worth

## **MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS**

### **I. APPROVAL OF RELATED PARTY TRANSACTION BY AUDIT COMMITTEE**

- a. All related party transactions except the transactions with the wholly owned subsidiaries of the company must be reported to the Audit Committee and referred for approval by the Audit Committee in accordance with this policy.
- b. All proposed Related Party Transactions during the quarter must be reported to the next scheduled meeting of the Audit Committee for review and prior approval by the Committee in accordance with this Policy.
- c. Audit Committee may grant omnibus approval for proposed related party transaction which are repetitive in nature.
- d. Audit Committee shall review at least on quarterly basis, the details of related party transaction entered into by the company pursuant to each of the omnibus approval given.
- e. Such approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year validity.

The omnibus approval shall specify the following:

- a. Name of the related party
- b. Nature of the transaction
- c. Period of the transaction
- d. Maximum amount of the transactions that can be entered into
- e. Indicative base price / current contracted price and formula for variation in price, if any
- f. Such other conditions as the Audit Committee may deem fit.

In exceptional cases, where a prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances, the audit committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

### **II. APPROVAL OF RELATED PARTY TRANSACTIONS BY THE BOARD AND THE SHAREHOLDERS**

- a. In the event, contract/ arrangement/ transaction is not in the ordinary course of business or at arm's length, the Company shall comply with the provisions of the Companies Act 2013 and the Rules

framed there under and under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 obtain prior approval of the Board and its shareholders, as applicable, for such contract / arrangement / transaction.

- b. Where Related Party Transactions require approval of the Board, any director who is interested in any contract/ arrangement/ transaction with a related party, shall not be present at the meeting during discussions on the subject-matter of the resolution relating to such contract/ arrangement/ transaction.
- c. All material related party transactions shall require approval of the shareholders through resolution and the Related Parties shall abstain from voting on such resolutions where the entity is a related party to the particular transaction or not.

### **III. PRE-APPROVED TRANSACTIONS**

Following transactions shall not require approval of the Board; and shall be considered as pre-approved:

- a. Transactions in the ordinary course of business, arm's length basis.
- b. Contributions by the Company or any of its affiliates to a charitable organization, foundation at which Related Party is a Trustee or director; provided that the total contribution does not exceed limit as prescribed under Section 135 of the Companies Act, 2013.
- c. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro-rata as the Related Party.
- d. Transaction(s) undertaken by the Independent Director with the Company or its holding, subsidiary, or associate company or their promoters or directors during the year and during two immediately preceding financial years shall not fall in the ambit of pecuniary relationship with the Company:
  - i. Transaction(s) done in ordinary course of business at arm's length;
  - ii. Receipt of remuneration by way of sitting fees and commission;
  - iii. Re-imbusement of expenses for attending board and other meetings.

### **IV. IDENTIFICATION OF RELATED PARTY TRANSACTIONS**

To review a Related Party Transaction, the Audit Committee is provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters.

The information provided specifically covers the following:

- i. the name of the related party and nature of relationship;
- ii. the nature, duration of the contract and particulars of the contract or arrangement;
- iii. the material terms of the contract or arrangement including the value, if any;
- iv. any advance paid or received for the contract or arrangement, if any;
- v. the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- vi. 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;
- vii. the persons/authority approving the transaction; and
- viii. any other information relevant or important for the Committee to take a decision on the proposed transaction.

#### **V. 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 Committee or Board or the Shareholders as may be required in accordance with this Policy for review and ratification.

The Committee or the Board or the Shareholders shall consider all relevant facts and circumstances respecting 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 action as the Committee deems appropriate under the circumstances.

#### **VI. AMENDMENT TO POLICY**

The board may, subject to applicable laws, amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new policy, based on the recommendation(s) of Audit Committee.

The Board may also establish further rules and procedures, from time to time, to give effect to this Policy.

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***\*This policy has been reviewed and adopted by Board in its meeting held on 26th April 2019 and shall be effective from May 1,2019***