

RELATED PARTY TRANSACTION POLICY

(Amended version as approved by the Board of Directors of the Company on February 14, 2022)

1) INTRODUCTION:

The Board of Directors of Kisan Mouldings Limited ("the Company") has adopted the following policy and procedure with regard to Related Party Transactions (RPTs), as defined below, in compliance with the requirements of Section 188 of the Companies Act, 2013 ("the Act") and rules made thereunder read with Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (Including any Modification(s) or Re-enactment(s) from time to time) ("SEBI Listing Regulations") wherein the securities of the Company are listed in order to ensure the transparency and procedural fairness of related party transactions.

This policy has been adopted to set forth the procedures under which Related Party Transactions will be reviewed and approved or ratified, as permitted. This policy deals with the review and approval of Related Party Transactions keeping in mind the potential or actual conflicts of interest that may arise consequent upon the transaction entered into by the Company and whether the said transactions are consistent with the Company's and its shareholder's interest.

The Audit Committee of the Company shall review and may amend this policy from time to time, subject to the approval of the Board of Directors of the Company.

2) OBJECTIVE OF THE POLICY:

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, Regulation 23 of the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company. This policy intends to ensure the proper approval and reporting of transactions by the Company and any of its related party in the best interest of the Company and its stakeholders.

3) DEFINITIONS:

"The Company" means Kisan Mouldings Limited.

"The Act" means The Companies Act, 2013 including any amendment(s) or modification(s) or re-enactment(s) thereof from time to time.

"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.

"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.

Explanation - For the purposes of this clause,—

(a) the expression "significant influence" means control of at least twenty percent of total voting power, or control of or participation in business decisions under an agreement;

(b) the expression "joint venture" means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement;

"Material Transaction" means 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 rupees one thousand crore or 10% of the annual consolidated turnover of the Company as per the last audited financial statement of the Company, whichever is lower.

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.

"Material Modifications": In relation to a Related Party Transaction approved by the Audit Committee or a material related party transaction approved by the Shareholders, as the case may be, material modifications means any variation having an impact on the monetary limits already approved by the Audit Committee or Shareholders, as the case may be, exceeding 20% of transactions, in each case, over and above the approved limits.

"Ordinary course of business" means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per Memorandum & Articles of Association of the Company.

"Policy" means Related Party Transaction Policy.

"Relatives" means relative as defined under Section 2 (77) of the Act and rules prescribed thereunder from time to time.

"Related Party" means

- a. any person or entity as defined under Section 2(76) of the Companies Act, 2013 including any amendment or modification thereof, as may be applicable, from time to time; or
- b. any person or entity as defined under the applicable accounting standards.

- c. any person or entity as defined under Regulation 2(zb) of the SEBI Listing Regulations including any amendment or modification thereof, as may be applicable, from time to time.

"Related Party Transaction" means such transactions as specified under Section 188 of the Act and rules made thereunder and Regulation 2(zc) of the SEBI Listing Regulations including any amendment or modification thereof, as may be applicable, from time to time.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013, SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 including amended thereof, from time to time, or any other applicable laws and regulations, shall have the meaning respectively assigned to them therein.

4) IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS:

The Responsible person (Company Secretary, Chief Financial Officer and Accounts Head) shall at all times maintain a database of Company's Related Parties containing the names of entities identified on the basis of the definition set forth in Definition Clause above, along with any revisions therein.

Responsible Person will update the list of Related Parties whenever necessary and shall review at least once a year, as at the beginning of every financial year.

Responsible Person shall collate the information, coordinate and send the Related Party List to the concerned employees, business heads, the Finance & Accounts Department, Auditors and others who he believes might be in the position to conduct/ make Related Party Transactions.

Functional departmental heads shall submit to the Responsible Person the details of proposed transaction(s) with details/ draft contract/ draft agreement or other supporting documents justifying that the transactions are on arms' length basis and in ordinary course of business at prevailing market rate. Based on this note, Company Secretary will appropriately take it up for necessary prior approvals from the Audit Committee at its next meeting and convey back the decision to the originator.

For the purpose of implementing the provisions under this Policy, the Board and the Audit Committee of Directors of the Company shall receive timely, full and sufficient information about the Transactions covered under this Policy.

In determining, whether to approve or not a Related Party Transaction, the Board will take into account, among other factors, recommendations of the Audit Committee, whether the said Transaction is in the interest of the Company and its stakeholders and there is no actual or potential conflict of interests between the related parties.

5) PROCEDURES TO DEAL WITH RELATED PARTY TRANSACTIONS:

This Policy will operate within the framework of the Companies Act 2013, rules there under and the SEBI Listing Regulations, as amended from time to time. The policy prescribes that;

A. All Related Party Transactions and subsequent material modifications shall require prior approval of Audit Committee ("the Committee") of the Company:

i. All such transactions shall be accompanied with Management's justification for the same:

The Audit Committee before approving such transactions will look into the interest of the Company and its Stakeholders in carrying out the Transactions and other related benefits. The Committee may accordingly approve or modify such transactions, in accordance with this policy.

- a. Provided that with effect from January 01, 2022 only those members of the Audit Committee, who are Independent Directors, shall approve related party transactions.
- b. The Audit Committee of the Company shall from time to time define "material modifications" and such "material modification" would form an integral part of the policy on materiality of related party transactions and on dealing with the related party transactions in accordance with SEBI Listing Regulations.
- c. 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 of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the Company.
- d. With effect from April 1, 2023, 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 of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

- e. Prior approval of the Audit Committee of the Company shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party, if Regulation 23 and sub-regulation (2) of Regulation 15 of these regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in (e) above, the prior approval of the audit committee of the listed subsidiary shall suffice.

ii. Omnibus Approval by the Audit Committee:

In the case of Transactions which are frequent/ regular/ repetitive in nature, the Audit Committee may grant omnibus approval to those transactions subject to the following conditions:

1. The Committee shall lay down the criteria for granting the omnibus approval.
2. The Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.
3. Such omnibus approval shall specify:
 - a. The name/s of the related party, nature of transaction, period of transaction/ maximum amount of transaction that shall be entered into;
 - b. The indicative base price/ current contracted price and the formula for variation in the price, if any;
 - c. Such other conditions as the Committee may deem fit.

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

4. The Committee shall review at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given.
5. Such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of such financial year.

B. Related Party Transactions (RPTs) which require approval of shareholders of the Company:

All Material Related Party Transactions (RPTs) and subsequent material modifications as defined by the Audit Committee irrespective of the fact whether the transaction, contract or arrangement is in the ordinary course of business or at arm's length shall require prior approval of shareholders through Resolution. No related parties shall vote to approve on such resolutions. It means all parties 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.

Provided that prior approval of the shareholders of a Company shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party, if Regulation 23 and sub-regulation (2) of Regulation 15 of these regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.

The approval of shareholders will not be required for Material Related Party Transaction in respect of a resolution plan approved under Section 31 of the Insolvency and Bankruptcy Code (IBC) 2016, subject to the event being disclosed to the recognized stock exchange within one day of the resolution plan being approved.

In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not in the ordinary course of business and at arm's length basis; and (b) exceed the threshold limits laid down in Companies (Meetings of Board and its Powers) Rules, 2014, would be placed before the shareholders for their approval.

The provisions of sub-regulation (2), (3) and (4) of Regulation 23 of SEBI Listing Regulations with regard to prior approval, omnibus approval of Audit Committee and approval of shareholders for material RPTS shall not be applicable for transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

C. Reference to/ approval of the Board:

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case suo-moto elects to review any such matter, or it is mandatory under any law for the Board to approve the Related Party Transaction, then the Board shall

review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

6) RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY:

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The 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 Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

However, in connection with any review of a Related Party Transaction, the Audit Committee shall have the authority to modify or waive any procedural requirements of this Policy

7) DISCLOSURES:

A. Disclosure of interests:

- All Directors / KMPs are required to disclose the entities in which they or their relatives are or deemed to be interested, in the prescribed form.
- Each Director and KMP of the Company shall promptly notify the Company Secretary of any material transaction or Relationship that could reasonably be expected to give rise to any conflict of interest
- The Company shall maintain Register in the prescribed form.
- The Company shall disclose the policy on dealing with Related Party Transactions on its website and a weblink thereto shall be provided in the Annual Report.
- Details of all material transactions with related parties shall be disclosed, quarterly in the Compliance Report on Corporate Governance, as specified by the Board from time to time to the recognised stock exchange.
- Disclosures of related party transactions on a 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.

B. Disclosure of Related Party Transaction entered with the Company:

Each Director and KMPs of the Company is responsible for providing declaration / notice to the Company Secretary about Related Party Transaction involving the Company and him or her or an entity wherein he / she or his / her relative is interested, including any additional

information about the transaction that the Company Secretary may reasonably request. The Company Secretary in consultation with the management and an independent counsel, as appropriate, will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

8) AMENDMENTS IN LAW:

The Audit Committee and Board of Directors as per the recommendations of Audit Committee can amend this policy, as and when deemed fit. Any or all provisions of this Policy would be subject to review/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, not being consistent with the provisions laid down under this policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail under 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.
