



# **KANODIA CEMENT LIMITED**

## **Policy on Related Party Transaction And their Materiality**

*[Pursuant to provisions of Section 188 of the Companies Act, 2013 read with  
applicable rules made thereunder]*

**Regd. Office:**

**D-19, UPSIDC Land Industrial Area, Sikandrabad, Bulandshahr, UP-203205**

**Corporate Office:**

**A-21, Sector-16, NOIDA, Gautam Buddha Nagar, UP-201301**



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## **TITLE**

This Policy shall be called 'Policy for Policy on Related Party Transactions and their materiality'.

## **INTRODUCTION**

Kanodia Cement Limited ("Company") is governed, amongst others, by the provisions of Companies Act 2013. 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).

## **DEFINITIONS**

1. Associate Company: 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.
2. Audit Committee or Committee: A Committee constituted by the Board of Directors of the Company, from time to time, under provisions of the Companies Act 2013.
3. Board of Directors or Board: Means the Board of Directors of Kanodia Cement Limited, as constituted from time to time.
4. Independent Director: A director of the Company, as appointed in terms of Section 149 of the Companies Act, 2013.
5. Related Party: A Related Party shall have the same meaning as defined under the Act.
6. Related Party Transaction ("RPT"): shall mean all transactions as per Section 188 of Companies Act 2013 & rules made thereunder. A related party transaction is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged and a transaction with a related party shall be construed to include a single transaction or a group of transactions in a contract, including but not limited to the following –
  - 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 purchase or sale of goods, materials, services or property;
  - f. appointment to any office or place of profit in the company
  - g. underwriting the subscription of any securities or derivatives thereof, of the company.
7. Arm's Length Basis: RPT will be treated to be on 'Arm's Length Basis' if the key terms, taken as a whole, are comparable with those of similar transactions if they would have been undertaken with non-related parties.
8. Ordinary Course of Business: RPT will be considered in ordinary course if they are entered in the normal course of the business pursuant to the objects of the Company as per the charter documents of the Company.



## **IDENTIFICATION OF RELATED PARTY AND RELATED PARTY TRANSACTION**

Each Related Party will be brought to the attention of the Management of the Company and the Board/Audit Committee by the Company's Secretarial Department at least on an annual basis. The Secretarial Department of the Company needs to inform any change in the list of Related Parties to Functional teams i.e. Finance & Accounts teams of the Company to identify the Related Party Transactions. The Compliance Officer of the Company is responsible for administration and compliance of this Policy.

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

### **Approval of Audit Committee**

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.

Any member of the Audit Committee who has a potential interest in any Related Party Transaction will rescue 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, or
- (ii) not at arm's length price, would require approval of the Board or of shareholders as discussed subsequently.

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 applicable provisions of Companies Act 2013 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.

However, in case of Related Party Transactions which cannot be foreseen, the Audit Committee may grant omnibus approval provided the value does not exceed INR 1,00,00,000 per transaction.

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.

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.

### **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, or



- (ii) not at an arm's length price, or
- (iii) requires shareholder approval as specified below, the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such 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 rescue himself and abstain from discussion and voting on the approval of the Related Party Transaction

## **Shareholders**

If a Related Party Transaction is not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds prescribed under the Companies Act, 2013, it shall require shareholders' approval by a 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.

This 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.

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 Company would obtain post facto approval from the Audit Committee, the Board and/or shareholders as required under applicable laws. In case the Company is not able to take such prior approval from the Audit Committee, the Board and/or shareholders, such a transaction shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as post facto approval is obtained as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy. The Audit Committee shall consider all 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. 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, immediate discontinuation or rescission of the transaction.

## **Reporting of Related Party Transactions**

Every contract or arrangement, which is required to be approved by the Board or the shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.

## **LIMITATION AND AMENDMENT**

In the event of any conflict between the provisions of this Policy and of the Act or any other statutory enactments, rules, the provisions of such Act or statutory enactments, rules shall prevail over this Policy.



Any subsequent amendment / modification in the Act and/or applicable laws in this regard shall automatically apply to this Policy.

**DISCLOSURE OF THE POLICY**

This Policy will be uploaded on the website of the Company.

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