



# **KANODIA CEMENT LIMITED**

## **Policy on materiality of related party transactions and dealing with related party transactions**

*[Pursuant to provisions of Regulation 23 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 & amendments made thereto]*

**Regd. Office:**

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

**Corporate Office:**

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

## TITLE

This Policy shall be called ‘Policy on materiality of related party transactions and dealing with related party transactions

## INTRODUCTION AND PURPOSE

Kanodia Cement Limited (“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 dealing with Related Party Transactions.

Accordingly, the Company has formulated this policy (“Policy”) on materiality of Related Party Transactions and dealing with Related Party Transactions. This Policy regulates all transactions between the Company and its Related Parties (as defined below). This Policy shall come into force from the date of approval in the Board meeting of Company.

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.

This policy is framed as per the requirements of Regulation 23 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any modification(s) / amendment(s) / re-enactment(s) thereof] (“SEBI LODR”) and in terms of Section 188 of the Companies Act, 2013 and is intended to ensure proper approval, disclosure and reporting requirements of transactions between the Company and its Related Parties.

## DEFINITIONS

1. “Act” shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, clarifications, circulars or re-enactment thereof.
2. “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. For determination of Arm’s Length basis, guidance may be taken from provisions of Transfer Pricing under Income Tax Act, 1961.
3. “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.

*Explanation – For the purpose of this clause “significant influence” means control of at least twenty per cent of total share capital, or business decisions under an agreement.*

4. “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 and the Regulations.
5. “Board of Director or Board” means the Board of Directors of Kanodia Cement Limited, as constituted from time to time.

6. Control shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
7. “Material Transaction” a transaction with a related party shall be considered 'material' if the transaction / transactions 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.
8. “Independent Director” means a director of the Company, as appointed in terms of Section 149 of the Companies Act, 2013 and who also qualifies as Independent Director in terms of the Regulations.
9. 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.
10. Related Party: A Related Party means related party as defined under Section 2(76) of the Companies Act, 2013 and the rules framed thereunder or under the applicable accounting standards:

Provided that:

- a) any person or entity forming a part of the promoter or promoter group of the listed entity or
- b) any person or any entity, holding equity shares:
  - i) of twenty per cent or more: or
  - ii) of ten per cent or more, with effect from April 1, 2023:

in the listed entity either directly or on a beneficial interest basis as provided under Section 89 of the Companies Act, 2013, at any time, during the immediately preceding financial year; shall be deemed to be a related party;

11. Related Party Transaction (“RPT”): means a transaction involving a transfer of resources, services or obligations between:
  - (i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
  - (ii) a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries, with effect from April 1, 2023;

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:

Provided that the following shall not be a related party transaction:

- (a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (b) the following corporate actions by the listed entity which are uniformly applicable/offered to all

shareholders in proportion to their shareholding:

- (i) payment of dividend;
  - (ii) subdivision or consolidation of securities;
  - (iii) issuance of securities by way of a rights issue or a bonus issue; and
  - (iv) buy-back of securities.
- (c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board:

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognized stock exchange(s);

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

Every director shall at the beginning of the financial year provide information by way of written notice to the company regarding his concern or interest in the entity with specific concern to parties which may be considered as related party with respect to the Company and shall also provide the list of relatives which are regarded as related party as per this policy.

Directors are also required to provide the information regarding their engagement with other entity during the financial year which may be regarded as related party according to this policy. The Company will identify potential transactions with Related Parties based on written notices of concern or interests received from its Directors / Key Managerial Personnel in the manner prescribed in the Companies Act, 2013 and the rules thereunder.

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

### **Approval by 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 Regulation 23(3) of the 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.

The Committee shall also satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.

If any additional Related Party Transaction is to be entered by the Company post omnibus approval granted by the Audit Committee, then the Company shall present such transaction before the Audit Committee in its next meeting for its prior approval.

- The Audit Committee shall also review the statement of significant related party transactions submitted by management as per its terms of reference.
- Any member of the Committee who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transaction.
- To review a Related Party Transaction, the Committee shall be provided with the necessary information, to the extent relevant, with respect to actual or potential Related Party Transactions.
- The Audit Committee shall recommend the Related Party Transactions for approval of Board of Directors / Shareholders as per terms of this policy.

However, in case of Related Party Transactions which cannot be foreseen and in which the conditions set out in Regulation 23(3) of the Listing Regulations are not available, the Audit Committee may grant omnibus approval provided the value does not exceed INR 1,00,00,000 (rupees one crore) per transaction.

### **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

- (i) a material transaction as per Regulation 23 of the Listing Regulations, or
- (ii) 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.

The provisions of regulation 23(2), (3) and (4) 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.

Provided that the aforesaid requirements 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.

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/ regulations. 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.

If a Related Party Transaction is entered into by the Company without being approved under this Policy, the same shall be reviewed by the Committee. The Committee shall evaluate the transaction and may decide such action as it may consider appropriate including ratification, revision or termination of the Related Party Transaction. The Committee may examine the facts and circumstances of the case and take any such action it deems appropriate.

### **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.

The details of all transactions with related parties shall be submitted on a consolidated basis, in the format specified in the relevant accounting standards, within 30 days of publishing its standalone and consolidated financial half yearly to the stock exchanges and the same shall be published on the Company's website.

The Company shall also provide details of the Material Related Party Transactions to the stock exchanges on a quarterly basis.

The Company shall submit within such time as per the statutory provision, prevailing from time to time, from the date of publication of its standalone and consolidated financial results for the half year, 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.

The Company shall disclose policy on dealing with Related Party Transactions on its website and also in the Annual Report. This Policy will be communicated to all operational employees and other concerned persons of the Company.

## **LIMITATION AND AMENDMENT**

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulations, 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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*This Policy has been adopted at the Board Meeting held on 22.03.2025 (Saturday).*