


# K I C METALIKS LIMITED

## POLICY ON DEALING WITH THE RELATED PARTY TRANSACTIONS

## 1. INTRODUCTION, SCOPE AND PURPOSE OF THE POLICY

The Company recognizes that related party transactions can present actual or potential conflict of interests which may be against the best interests of the Company or its shareholders; hence, it transacts business with its related parties on an arm's length.

Pursuant to Regulation 23(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (SEBI Listing Regulations), the Company is required to formulate a policy on related party transactions and materiality of related party transactions, approved by the Board of Directors and such policy shall be reviewed by the Board of Directors at least once every three years and updated accordingly.

The Company has formulated guidelines for identifying related parties and maintaining proper documentation of all related party transactions in compliance with the provisions of Section 188 of the Companies Act, 2013 read with the Rules made thereunder and Regulation 23 of the SEBI Listing Regulations. The Policy provides a framework for governance and reporting of related party transactions, including material transactions. Amendments from time to time to the Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee.

## 2. DEFINITIONS

**"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.

**"Material modification"** means any subsequent change to an existing Related Party Transaction, having variance of 20% of the existing limit or Rs.100 crores whichever is lower.

**"Material Related Party Transaction"** means a transaction with a related party 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 ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

Provided further that, notwithstanding anything as mentioned 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 or such amount as may be prescribed from time to time under the LODR, as per the last audited financial statements of the Company.

**"Related Party"** as per Regulation 2(zb) of the SEBI Listing Regulations means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 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 immediate preceding financial year; shall be deemed to be a related party:"

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).

**"Related Party Transaction"** as per Regulation 2(zc) of the SEBI Listing Regulations means 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 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) retail purchases from any listed entity or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors:"

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).

As per Section 188(1) of the Companies Act, 2013, related party transaction means any contract or arrangement with a related party with respect to –

(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) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
(g) underwriting the subscription of any securities or derivatives thereof, of the company:

**"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

## 3. MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

### a. Identification of related parties

The Company has formulated guidelines for identification and updating the list of related parties.

### b. Identification of related party transactions

The Company has formulated guidelines for identifying related party transactions as also determining whether the same are in the ordinary course of business and at arm's length. The Company may seek professional opinion for this purpose, if necessary.

### c. Procedure for approving related party transactions

• Approval by the Audit Committee of the Company All related party transactions and subsequent material modifications shall require prior approval of the Audit Committee. Only those members of the Audit Committee, who are independent directors, shall approve related party transactions.

Based on the terms and conditions of a transaction, and applicable regulatory requirements, the Audit Committee shall recommend/refer it for the approval of Board of Directors or Shareholders. The Audit Committee may grant omnibus approval for related party transactions proposed to be entered into by the Company subject to the following conditions:

i. The Audit Committee shall lay down the criteria for granting omnibus approval in line with the policy on related party transactions and such approval shall be applicable in respect of transactions which are repetitive in nature;

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

iii. Such omnibus approval shall specify
(a) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into,
(b) the indicative base price/current contracted price and the formula for variation in the price, if any and
(c) such other conditions as the Audit Committee may deem fit;

Provided that 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 INR one crore per transaction;

iv. The 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; and

v. Such omnibus approvals shall be valid for a period of one year and shall require fresh approvals after the expiry of one year.

The Company shall lay down a globally accepted framework to assess whether transactions with related parties are done on arm's length. Tests shall be conducted on an ongoing basis to determine that the transactions are in "ordinary course of business" and on "arms' length".

Approval of the Audit Committee shall not be necessary for:

a) transactions 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; and
b) transactions entered into between two wholly owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

**• Approval by the Board of Directors of the Company**

Pursuant to the provisions of Section 188 of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, all transactions which are not in the ordinary course of business and on arm's length, shall be placed before the Board and/or its Shareholders, as applicable, for approval.

The following transactions with related parties shall also be placed before the Board for its approval:

➢ Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or on arm's length and decides to refer the same to the Board for approval;

➢ Transactions which are in the ordinary course of business and on arm's length, but which in the view of the Audit Committee requires approval of the Board; and

➢ Related party transactions which are to be mandatorily approved by the Board under any law.

**• Approval of the Shareholders of the Company**

All transactions enumerated in the first proviso to Section 188(1) of the Companies Act, 2013, which
(a) are not in the ordinary course of business and on arm's length; and
(b) exceeding the thresholds laid down in Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, shall be approved by the Shareholders.

All material related party transactions including the following shall need prior approval of the Shareholders of the Company through a Resolution on which, no related party shall vote, whether the entity is a related party to the particular transaction or not: -

a) Sale, purchase or supply of any goods or materials, directly or through appointment of agent amounting to 10% or more of the turnover of the company;
b) Selling or otherwise disposing of, or buying, property of any kind, directly or through appointment of agent - amounting to 10% or more of the net worth of the company;
c) Leasing of property of any kind - amounting to 10% or more of the turnover of the company;
d) Availing or rendering of any services, directly or through appointment of agent - amounting to 10% or more of the turnover of the company;
e) Related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company – Monthly remuneration above INR 250,000;
f) Underwriting the subscription of any securities or derivatives, thereof, of the Company - above 1% of net worth of the Company.

## 4. LIMITATION, REVIEW AND AMENDMENT

In the event of any conflict between the provisions of this Policy and of the Act or the SEBI Listing Regulations or any other legal requirement ("Applicable Law"), the provisions of Applicable Law shall prevail over this Policy. Any subsequent amendment / modification to the Applicable Law shall automatically apply to this Policy

## 5. DISCLOSURE OF THE POLICY

This Policy will be uploaded on the website of the Company and a web link thereto shall be provided in the annual report.