

## **POLICY ON RELATED PARTY TRANSACTION**

### **{Pursuant to Regulation 23 of SEBI (Listing Obligation and Disclosure Requirements Regulations. 2015)}**

#### **SCOPE AND PURPOSE OF THE POLICY**

Related Party Transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 ("Act") read with the Rules framed there under and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Regulation 23"), Krishna Capital & Securities Limited ("Company") has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

Also, Regulation 23(1) of the SEBI Listing Regulations requires the company to formulate a policy on materiality of related party transactions and dealing with related party transactions. In the light of the above, the Company has framed this Policy on Related Party Transactions ("Policy"). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee. Going forward, the Audit Committee will review and amend the Policy, as and when required, subject to adoption by the Board.

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time. The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and .to comply with the statutory provisions in this regard.

#### **DEFINITIONS:**

**(i) Audit Committee:**

"Audit Committee" means the Committee of the Board constituted from time to time under Regulation 18 of SEBI Listing Obligation and Disclosure Requirements (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013.

**(ii) Arm's Length Transaction:**

"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.

**(iii) Key Managerial Personnel:**

"Key Managerial Personnel" means Key Managerial Personnel as defined under the Companies Act, 2013.

**(iv) Material Related Party Transaction:**

"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 either in the Companies Act, 2013 or SEBI Listing Obligation and Disclosure Requirements (LODR) Regulations, 2015, whichever is stricter, from time to time.

**(v) Ordinary Course of Business:**

"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. The Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines.

**(vi) Relative:**

"Relative" with reference to a Director or KMP means persons as defined in Section 2(77) of the Companies Act, 2013 and rules prescribed there under.

**(vii) Related Party:**

"Related Party" have the meaning as defined in Section 2(76) of Companies Act, 2013 and Regulation 2(1) (zb) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**(viii) Related Party Transaction:**

"Related Party Transaction" have the meaning as defined under Regulation 2(1) (zc) of the Securities and Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 means transfer of resources, services or obligations between a listed entity and a related party, regardless of whether 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 –

- sale, purchase or supply of any goods or materials;
- selling or otherwise disposing of, or buying, property of any kind;
- leasing of property of any kind;
- availing or rendering of any services;
- appointment of any agent for purchase or sale of goods, materials, services or property;
- appointment to any office or place of profit in the company
- underwriting the subscription of any securities or derivatives thereof, of the company

policy

The Audit Committee shall review and approve all Related Party Transactions based on this Policy. All proposed Related Party Transactions must be reported to the Audit Committee for prior approval by the Committee in accordance with this Policy. In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant omnibus approval, details whereof are given in a separate section of this Policy. In exceptional cases, where a prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances, the Committee may ratify the transactions in accordance with this Policy.

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

### **(i) 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 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 of Directors or of shareholders as discussed subsequently.

- The 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 of SEBI (listing Obligation and Disclosure Requirements) Regulation, 2015 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.

- 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 Committee, will be placed before the Committee for ratification.

### **(ii) 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, 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.

**(iii) Shareholders**

- If a related party transaction is (I) a material transaction as per SEBI LODR Regulations, 2015, 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 an ordinary 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.

**(iv) Reporting of Related Party Transactions**

- Every contract or arrangement, which is required to be approved by the Board/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

**RELATED PARTY TRANSACTION NOT APPROVED UNDER THIS POLICY**

In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all 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 Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate. 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, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation by the defaulting person (as may be decided by the Audit Committee) to the related party or the Company as the case may be, etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

**LIMITATION AND AMENDMENT**

In the event of any conflict between the provisions of this policy and of the Act or SEBI Listing Obligation and Disclosure Requirements (LODR) Regulations, 2015 or any other statutory enactments, rules, the provisions of such Act or SEBI Listing Obligation and Disclosure Requirements (LODR) Regulations, 2015 or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment or modification in the SEBI Listing Obligation and Disclosure Requirements (LODR) Regulations, 2015, Act and/or applicable laws in this regard shall automatically apply to this Policy.