

**RELATED PARTY TRANSACTION POLICY**

**OF**

**KOKUYO CAMLIN LIMITED**

The Board of Directors of Kokuyo Camlin Limited has adopted a Policy on Materiality of and dealing with Related Party Transactions in accordance with section 188 of the Companies Act, 2013 ('the Act') read with Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as amended from time to time. The Board of Directors has also reviewed the requirements of Domestic Transfer Pricing Regulations and applicable Accounting Standards requirements of Related Party Transactions.

## 1. Purpose:

This policy is intended to ensure the proper approval and reporting of transactions between the Company and any of its Directors, Key Managerial persons or certain entities or relatives of such persons. Such transactions are appropriate only if they are in the best interest of the Company and our stakeholders.

The Board recognizes that there are situations where Related Party Transactions may be in, or may not be inconsistent with, the best interests of the Company and its shareholders, including but not limited to situations where the Company may obtain products or services of a nature, quality or quantity on terms that are not readily available from alternative sources or when the Company provides products or services to Related Persons (defined below) on an arm's length basis on terms comparable to those provided to unrelated third parties.

This policy is created in assisting the Board of Directors, Audit Committee and the Management in reviewing, approving and ratifying related party transactions and act as guidance to the Management to help them recognize and deal with actual or apparent conflicts of interests that may raise questions about whether such transactions are consistent with the Company's and its stockholders' best interests.

The Audit Committee may review this policy once in three years and recommend amendments for consideration by the Board.

## 2. Definitions:

For the purpose of this policy following are the definitions –

1. **“Related Party”**, with reference to a company, means a related party as defined under the Act and the Listing Regulations.
2. **“Material transaction”** means-
  - i. A transaction with a Related Party where transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds the thresholds specified in Schedule XII of the Listing Regulations and any statutory modification thereof from time to time.
  - ii. a transaction involving payments made to a Related Party with respect to brand usage or royalty if the transaction(s) to be entered into individually or taken together with previous transactions during a

financial year, exceed 5% (five percent) of the annual consolidated turnover of the Company as per the last audited financial statements.

3. **“Material Modification”** means any subsequent change to an existing Related Party Transaction, having variance of 20% of the existing approved limit.
4. **“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 (according to sec 188 of the Act).

#### **Prohibitions Related to Transactions:**

- All Related-Party Transactions are prohibited, unless approved or ratified by the Audit Committee or the Board of Directors of the Company within three months of the transactions or by the shareholders of the company in a general meeting as the case may be in accordance with the applicable provisions of the Act and Listing Regulations.
- A Related Party Transaction entered into without pre-approval of the Audit Committee or Board of the Company shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as the transaction is brought to the Audit Committee or Board of Directors for ratification as promptly as reasonably practical after it is entered into and such transaction is ratified.

#### **TRANSACTIONS COVERED UNDER RELATED PARTY TRANSACTION:**

Following are the list of transactions covered under related party –

1. sale, purchase or supply of any goods or materials;
2. selling or otherwise disposing of, or buying, property of any kind;
3. leasing of property of any kind;
4. availing or rendering of any services;
5. appointment of any agent for purchase or sale of goods, materials, services or property;
6. such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
7. underwriting the subscription of any securities or derivatives thereof, of the company.
8. Any other transactions in accordance with the Listing Regulations.

#### **Review and Approvals:**

Prior to entering into the Related Party Transaction, the Director or, Key Managerial persons must provide notice to the Company Secretary of the facts and circumstances of the proposed Related Party Transaction.

The notice should include:

- The name of the Related Party
- the Related Person's relationship to the Company and the person's interest in the transaction;
- the nature, duration of the contract and particulars of the contract or arrangement;
- the material terms of the contract or arrangement including the value;
- any advance paid or received for the contract or arrangement, if any;
- the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
- any other information relevant or important for the Board to take a decision on the proposed transaction.

Any proposed transaction determined to be a Related Party Transaction or subsequent material modification thereof will be submitted to the Audit Committee for consideration at its next meeting. If the Company Secretary, in consultation with the Chief Executive Officer or the Chief Financial Officer, determines that it is not practical for the Company to wait until the next Audit Committee meeting, the Chairman of the Audit Committee has the authority to act between Committee meetings unless the Chairman of the Audit Committee is a Related Person in the Related Party Transaction.

The Audit Committee will consider all the relevant facts and circumstances, including the benefits to the Company, the potential effect on a director's independence of entering into the transaction, the availability of other sources for the products or services, the terms of the transaction and the terms available to unrelated third parties generally. The Audit Committee may approve Related Party Transactions that it determines in good faith are not inconsistent with the best interests of the Company and its shareholders. Such approval can also be obtained by the company through circular resolution provided the transaction is at arm's length and in ordinary course of business.

The Audit Committee may, in the interest of the conduct of affairs of the Company, grant omnibus approval for Related Party Transactions that are in normal course of business repetitive in nature, subject to the following conditions:

- i. The name/s of the related party, nature of transaction, the period of transaction, maximum amount of transaction that can be entered into;
- ii. The indicative base price / current contracted price and the formula for variation in the price, if any; and
- iii. Such other conditions as the Audit Committee may deem fit.

The Audit Committee may also, in the interest of the conduct of affairs of the Company, grant omnibus approval for Related Party Transactions that could not be foreseen up to a value of Rs.1 Crore per transaction.

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.

Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

In case of those transactions which are not in the Ordinary Course of Business the Audit committee will place the transactions before the Board of Directors and The Board of Directors will consider these transactions to be taken for the approval of Shareholders. If a Related Party Transaction is a material transaction or exceeds the thresholds prescribed under the Act, such Related Party Transaction and any subsequent material modification thereto, shall require shareholders' approval by way of a resolution.

The Company shall place all information, as prescribed under the Companies Act, 2013, SEBI Listing Regulations, including the information pursuant to the RPT Industry Standards and circulars issued by SEBI from time to time, before the Audit Committee and Shareholders, as applicable, for their approval/ ratification.

#### **LIMITATION AND AMENDMENT**

In the event of any conflict between the provisions of this Policy and of the Act or the Listing Regulations or any other statutory enactments, rules, the provision 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.