

RELATED PARTY TRANSACTION POLICY

OF

KOKUYO CAMLIN LIMITED

The Board of Directors of Kokuyo Camlin Limited has adopted a Related Party policy in accordance with section 188 read with Rule 17 Companies (Meetings of Board and its Powers) Rules, 2014 and Clause 49 VII of Listing Agreement. The Board of Directors has also reviewed the requirements of Domestic Transfer Pricing Regulations and Accounting Standards 18 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 from time to time 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—
 - i. a director or his relative
 - ii. a key managerial personnel or his relative;
 - iii. a firm, in which a director, manager or his relative is a partner;
 - iv. a private company in which a director or manager is a member or director;
 - v. a public company in which a director or manager is a director or holds along with his relatives, more than two per cent of its paid-up share capital;
 - vi. any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;

- vii. any person on whose advice, directions or instructions a director or manager is accustomed to act;
 - viii. Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity; any company which is—
 - (A) a holding, subsidiary, fellow subsidiary or an associate company or Joint venture of such company; or member of the same group or combination with the third party;
 - (B) a subsidiary of a holding company to which it is also a subsidiary;
 - ix. a director or key managerial personnel of the holding company or his relative with reference to a company, shall be deemed to be a related party.
 - x. a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company. If the company is itself such a plan, the sponsoring employers are also related to the company;
2. **“Relative”**, with reference to any person, means anyone who is related to another, if—
 - i. they are members of a Hindu Undivided Family;
 - ii. they are husband and wife; or
 - iii. one person is related to the other in such manner as mentioned in definition 4;
 3. **“Material transaction”** means-
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 ten percent (10%) of the annual consolidated turnover as per the last audited financial statements of the company.
 4. **“List of relatives in terms of clause 2”**- A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:-
 - i. Father including step-father.
 - ii. Mother including the step-mother.
 - iii. Son including the step-son.
 - iv. Son's wife.
 - v. Daughter.
 - vi. Daughter's husband.
 - vii. Brother including the step-brother;
 - viii. Sister including the step-sister.
 5. **“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 Companies Act 2013)

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 this Policy.
- 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. under writing the subscription of any securities or derivatives thereof, of the company.

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, if any;
- 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 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. The Chairman of the Audit Committee will report to the Audit Committee at its next meeting with regard to any approval of a proposed transaction between Committee meetings under this policy.

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.