

## **KEMP & COMPANY LIMITED**

### **POLICY ON RELATED PARTY TRANSACTIONS**

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

In order to safeguard the best interest of the Company and its Shareholders against a potential or actual conflict of interest and considering the requirements for approval of related party transactions. As prescribed under the Companies Act, 2013 ("Act") read with the Rules framed thereunder, the Companies (Indian Accounting Standards) Rules, 2015 (Accounting Standards) (AS 24) and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) as amended or re-enacted from time to time, the Board of Directors ("the Board") of Kemp & Company ("KEMP" or "the Company") has based on recommendations of the Audit Committee, formulated guidelines for identification of related parties and proper conduct and documentation of all related party transactions. The Policy has been amended to bring in compliance with amendments the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the amended policy has been approved by the Board of Directors at their meeting held on 5<sup>th</sup> February 2025.

#### **2) OBJECTIVE OF THE POLICY**

The objective of this Policy is to set out (a) the materiality thresholds for related party transactions and subsequent modifications thereof; (b) the manner of dealing with the transactions between the Company and its related parties based on the Act, Listing Regulations and any other laws and regulations as maybe applicable to the Company and amended / enacted from time to time.

#### **3) DEFINITIONS:**

##### **3.1 Arms' Length Transactions:** The expression "Arm's Length Transaction" shall mean:

- a) The transaction carried on between the Company and the Related Party on similar terms and conditions as of a unrelated party, including the price, etc. so that there is no conflict of interest between the parties and
- b) Such price charged for the transactions to a Related Party has in no case been influenced by the relationship and meets the criteria prescribed in Transfer Pricing Guidelines prescribed under the Income-tax Act, 1961.

##### **3.2 Material modification in relation to related party transaction shall mean and include (i) any modification to an existing related party transaction(s) which turns the existing transaction into Non-Arm's length, (ii) If the modification results in contract value exceeding Rs, 1,000 crores or 10% of the annual consolidated turnover of the Company, whichever is lower, as per last audited financial statements of the Company.**

##### **3.3 Related Party:** "Related Party" or "Related Parties" shall mean and include the following:

- the persons/ entities defined in Section 2(76) of the Act & rules framed thereunder including any circulars / notifications published in that behalf by Ministry of Corporate Affairs.
- the persons/ entities defined under Regulation 2(1)(zb) of the Listing Regulations.
- the entities defined in the applicable accounting standards (AS 18).
- the following will, however, not be deemed Related Parties:

- a. a single customer, supplier, franchiser, distributor, or general agent with whom an enterprise

transacts a significant volume of business merely by virtue of the resulting economic dependence; and

- b. the parties listed below, in the course of their normal dealings with an enterprise by virtue only of those dealings (although they may circumscribe the freedom of action of the enterprise or participate in its decision-making process):
  - a. providers of finance;
  - b. trade unions;
  - c. public utilities;government departments and government agencies including government sponsored bodies.

**3.4 Relative: "Relative" in respect of the Company's Directors and Key Managerial Personnel shall mean and include the following:**

- (i) Members of HUF
- (ii) Husband and wife
- (iii) Father, including step father
- (iv) Mother, including step mother
- (v) Son, including step son
- (vi) Son's wife
- (vii) Daughter,
- (viii) Daughter's husband
- (ix) Brother, including step brother
- (x) Sister, including step sister

**3.5 Related Party Transaction(s):**

A Related Party Transaction(s) shall mean the transactions, contracts and arrangements prescribed in Section 188 of the Act, & Regulation 2(zc) of Listing Regulations and shall include a single transaction or a group of transactions in a contract. The following transactions shall, inter alia, qualify to be Related Party Transactions:

- (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;
- (g) Underwriting the subscription of any securities or derivatives thereof, of the Company;
- (h) 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:  
The transactions enumerated under first proviso of Regulation 2(zc) of the Listing Regulations shall not be related party transaction(s).

Following transactions shall not require approval of Audit Committee/ Shareholders:

- i. 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.
- ii. Transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- iii. remuneration and sitting fees paid by the Company or its subsidiary to its Director, Key Managerial Personnel or Senior Management, except who is part of promoter or promoter group.
- iv. 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:

#### **4. MATERIALITY THRESHOLDS**

Regulation 23 of the Listing Regulations requires a Company to provide materiality thresholds for transactions beyond which the shareholders' approval will be required and the Related Parties shall not vote to approve on such resolutions whether the entity is a related party to the particular transaction or not. The Company has fixed its materiality threshold at Rs. 1,000 Crore (Rupees One Thousand Crore) or 10% of the annual consolidated turnover of the Company, whichever is lower, as per last audited financial statements of the company, if the transaction(s) to be entered into individually or taken together with previous transaction during a financial year.

Notwithstanding the 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 5 (five) percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

#### **5. MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS**

##### **Identification of Related Parties:**

- a) Each Director, Key Managerial Personnel whenever wishes to enter into a Related Party Transaction and subsequent Material modification to the Related Party Transactions with the Company involving either him/ her or his /her Relative, shall give a Notice to the Company along with all the relevant details and documents.
- b) Notice of any Related Party Transaction, referred to in Clause (a) above, shall be given well in advance so that the Company has adequate time to obtain additional information or document about the proposed Related Party Transaction, if necessary, which is required to be placed before the Audit Committee to enable it to approve the Related Party Transaction.
- c) i) Every Director, Key Managerial Personnel shall also make annual disclosures of his / her.
  - ii) List of Relatives as mentioned above.
  - iii) List of private companies where the Company's Director, Manager or his relative(s) is either a director or a member.
  - iv) List of firms where the Company's director or his relatives are partner.
  - v) List of Public companies in which any KEMP's director is also a director and he, along with his/her relatives also holds more than 2% of the shareholdings.
- d) Every Director and Key Managerial Personnel shall also promptly intimate any change in the annual disclosures mentioned in sub-clause c) above.

##### **Identification of related party transactions**

KEMP has formulated guidelines for identification of the Related Party Transactions and subsequent Material modification to the Related Party Transactions in accordance with Section 188 of the Act and Regulation 23 of the Listing Regulations. KEMP has also formulated guidelines for determining whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company seeks external professional opinion, if necessary.

#### **6. DISCLOSURES**

KEMP shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or arm's length basis along with the justification for entering into such transaction. In addition to the above, KEMP shall also provide details of all related party

transactions on a half yearly basis to the Stock Exchange.

## **7. RELATED PARTY TRANSACTIONS 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 of 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.

Further, in case any transaction (not being a specified transaction between the Company and its wholly owned subsidiary) involving any amount not exceeding Rs. 1 (one) crore is entered into by a Director or Officer of the Company without obtaining the approval of the Audit Committee and which is not ratified by the Audit Committee within 3 months from the date of the transaction, such transaction will be voidable at the option of the Audit Committee, and if the transaction is with a related party to any Director or is authorised by any other Director, the Director concerned shall indemnify the Company against any loss incurred by it.

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 for the loss suffered by the related party 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.

Further, if any contract / arrangement is entered into by a Director or any other employee without obtaining the consent of the Board / shareholders (by a Resolution) under Section 188(1) of the Act, and if it is not ratified by the Board / shareholders, as the case may be, within 3 months from the date on which such contract / arrangement was entered into, such contract / arrangement shall be voidable at the option of the Board / shareholders, as the case may be, and if the contract / arrangement is with a related party to any Director, or is authorised by any other Director, the Director concerned shall indemnify the Company against any loss incurred by it.

## **8. Review and Approval of Related Party Transactions**

### **Approval by the Audit Committee:**

- 8.1** The Company shall not enter into any Related Party Transactions and subsequent Material modification to the Related Party Transactions with any Related Party without prior approval of the Audit Committee of the Company, provided that only those members of the Audit Committee, who are Independent Directors, shall approve related party transactions.

Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company or its subsidiary subject to the following conditions:

- such approval shall be applicable in respect of transactions which are repetitive in nature.
- The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, 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;

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.

- Audit Committee shall review, atleast on a quarterly basis, the details of RPTs entered into by the Company or its subsidiary pursuant to each of the omnibus approvals given.
- Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year
- Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company

Following Related Party Transactions and subsequent Material modification to the Related Party Transactions (whether entered into individually or taken together with previous transactions during a financial year) exceeds -

- 10% of the consolidated turnover as per the last audited financial statements of the Company to which the subsidiary of the Company is a party but the Company is not. (w.e.f. 1st April, 2022)
- 10% of the standalone turnover as per the last audited financial statements of the subsidiary to which the subsidiary of listed entity is a party but the Company is not (w.e.f. 1st April, 2023) shall be entered into by the Company after seeking prior approval of Audit Committee of the Company.

**8.2** The Notices received by the Company from the Directors, Key Managerial Personnel (as per clause 5 above) shall be forwarded to the Company Secretary with a direction to convene a meeting of the Audit Committee.

**8.3** The Company Secretary shall convene the meeting of the Audit Committee, as directed, and shall place all the relevant information/documents relating to the proposed Related Party Transaction(s) and subsequent Material modification to the Related Party Transactions before the Audit Committee, which inter alia shall include:

- (a) Type, material terms and particulars of the proposed transaction;
- (b) Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);
- (c) Tenure of the proposed transaction (particular tenure shall be specified);
- (d) Value of the proposed transaction;
- (e) The percentage of the entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- (f) If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:
  - i) details of the source of funds in connection with the proposed transaction;
  - ii) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
    - nature of indebtedness;
    - cost of funds; and
    - tenure;
  - iii) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
  - iv) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- (g) Justification as to why the RPT is in the interest of the listed entity;
- (h) A copy of the valuation or other external party report, if any such report has been relied upon;
- (i) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- (j) Any other information that may be relevant.

**8.4** The Audit Committee will consider the information/documents related to Related Party Transactions placed before it and either approve or reject the same on merit.

**8.5** If any member of the Audit Committee is interested in any Related Party Transaction with a Related Party, such member shall not be present at the Audit Committee Meeting, neither during the discussions on the subject matter nor at the time of voting on the resolution relating to such Related Party Transaction.

**8.6** The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

- i. the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- ii. the transaction is not material in terms of the provisions of sub-regulation (1) of Regulation 23 of Listing Regulations;
- iii. rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- iv. the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of this regulation
- v. any other condition as specified by the audit committee:

Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any Director, or is authorised by any other Director, the Director(s) concerned shall indemnify the listed entity against any loss incurred by it.

#### **Approval of the Board:**

**8.7** The following Related Party Transactions and subsequent Material modification to the Related Party Transactions shall, after the approval of the Audit Committee, also be placed before the Board of Directors for its approval:

- Transactions not on arm's length.
- Transactions not in ordinary course of business.
- Material transactions and any subsequent material modification.

**8.8** The Board of Directors shall consider the information/documents placed before it and either approve or reject the proposed Related Party Transactions.

**8.9** The Board of Directors shall also obtain approval of the shareholders by way of a Special Resolution for the approval of the Related Party Transactions.

**8.10** The Board of Directors shall decide whether the approval of the Related Party Transactions by the shareholders shall be sought at the General Meeting or through Postal Ballot.

**8.11** If the approval of the shareholders is proposed to be sought at the General Meeting, the Board of Directors shall fix the date of such General Meeting and shall also approve the Notice and the Explanatory Statement of the same. The Explanatory Statement to be attached to such Notice shall inter-alia include the following particulars:

- (a) A summary of the information provided by the management of the listed entity to the audit committee;
- (b) Justification for why the proposed transaction is in the interest of the listed entity;
- (c) Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary, the following details:
  - i) details of the source of funds in connection with the proposed transaction;
  - ii) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
    - nature of indebtedness;

- cost of funds; and
- tenure;
- iii) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
- iv) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- (d) A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- (e) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
- (f) Any other information that may be relevant.

**8.12** In case approval is proposed to be sought through Postal Ballot, the Board of Directors shall approve the Notice, Explanatory Statement and the Special Resolution proposed to be passed by the shareholders.

**8.13** If any director is interested in any Related Party Transaction with the Related Party, he/she shall not be present at the Board Meeting, neither during the discussion on the subject matter, nor at the time of voting on the resolution relating to such Related Party Transaction.

#### **Approval by Shareholders:**

**8.14** No material related party transactions and subsequent Material modification to the Related Party Transactions or transaction, contract or arrangement referred to in Clause 8.6 above shall be carried out/entered into with a Related Party, without the prior approval of the shareholders by way of a Resolution.

**8.15** The Notice and Explanatory Statement for approval of the Related Party Transactions by the shareholders at a General Meeting or through a Postal Ballot:

- Shall be sent to the shareholders at least 21 (twenty one days) in advance, and;
- Shareholders shall be given option to cast their votes through e.voting.

**8.16** No Related Party shall vote on such Resolution relating to any material related party transactions and subsequent Material modification to the Related Party Transactions or transaction, contract or arrangement which is proposed to be entered into by the Company, with such Related Party.

#### **9. Ratification of Exceptional Cases:**

**9.1** Any transaction, contract or arrangement entered into by the Company with a Related Party and subsequent Material modification to the Related Party Transactions, without obtaining the consent of the Board of Directors or approval of shareholders by a Special Resolution of the General Meeting, can in genuine cases be ratified by the Board of Directors or the shareholders at a General Meeting, as permitted in the Act.

**9.2** If the approval sought from the Board of Directors and the shareholders is not granted, the transaction, contract or arrangement shall stand cancelled with immediate effect and the Director or the concerned employee shall be liable to indemnify the losses, if any, caused to the Company on account of the said Related Party Transaction.

**9.3** For the purpose of indemnification of loss, it will be open for the Company to proceed against a director or any other employee who had entered into such contract or arrangement in contravention of the provisions of the Act, for recovery.

#### **10. Disclosures and Reporting:**

**10.1** The Company shall maintain a register pursuant to Section 189 of the Act and enter therein the particulars of all the Related Party Transactions and subsequent Material modification to the Related Party Transactions with a Related Party.

**10.2** Every transaction, contract or arrangement entered into with Related Parties shall be referred to in the Report of the Board of Directors to the shareholders along with the justification for entering into such transaction, contract or arrangement.

**10.3** Details of the RPTs during the quarter shall be disclosed in the Audit Committee and Board Meeting.

**10.4** As required under Regulation 23(9) of the SEBI LODR, the Company shall submit within the prescribed timelines from the date of publication of its standalone and consolidated financial results for the half year, disclosures of RPTs 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.

## **11. Miscellaneous:**

**11.1** This Policy shall be deemed to have come into force w.e.f. date of its adoption.

**11.2** If any provision of this Policy contravenes any provision of the Act, and Regulation 23 of the Listing Regulations, that provision of this Policy shall always be deemed to have been amended since inception in line with the applicable provisions of the Act, Accounting Standard 24 and Regulation 23 of the Listing Regulations.

The parties which are covered under the definition of Related Party in terms of the Accounting Standard — 24 but not covered under this Policy, transactions with such party(ies) shall be governed in accordance with the Accounting Standards issued by the Companies (Indian Accounting Standards) Rules, 2015.

## **AMENDMENTS**

The Board may, subject to applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, based on the recommendations of the Audit Committee.

The Board may also establish further rules and procedures, from time to time, to give effect to this Policy and to ensure governance of material subsidiary companies.

## **SCOPE AND LIMITATION**

In the event of any conflict between the provisions of this Policy and the Listing Regulations / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Regulations / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

## **DISSEMINATION OF POLICY**

This policy shall be hosted on the intra-net and website of the Company and a web link thereto shall be provided in the annual report of the Company.

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