



# <u>KRYPTON INDUSTRIES LIMITED</u> Policy on Related Party Transactions

# **PREAMBLE**

This Policy provides a framework to regulate the transactions in between the Krypton Industries Limited ("the Company") and its Related Parties based on the applicable laws and the regulations applicable to the company.

# **IMPORTANT DEFINITIONS/TERMS**

Definitions of some of the important terms are mentioned below:

- a. "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.
- b. "Related Party" means a person or entity considered as Related Party under section 2(76) of the Companies Act, 2013 and the Rules thereof or under the applicable accounting standards as well as in terms of Clause 49 of the Listing Agreement with the Stock Exchange.
- c. "Related Party Transaction" means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between the company and a related party, regardless of whether or not a price is charged, either single or a group of transactions in a contract and includes the transaction enumerated in section 188 of the Companies Act, 2013 read with the Rule 15 of the Companies (Meetings of Board & its Power) Rules, 2014 as amended from time to time.
- d. "Material Related Party Transaction" means a transaction with a Related Party if the transaction /transactions to be entered individually or taken together with previous transactions during a financial year exceed ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.

## **POLICY**

All Related Party Transactions must be identified and reported to the Audit committee for prior approval of the committee as well as the Board of Directors (Board) and Shareholders of the company wherever necessary.

# I. Prior Approval of the Audit Committee

All Related Party requires the prior approval of the Audit Committee and shall be placed before the Board.



The Audit Committee may grant omnibus approval for Related Party Transactions proposed, subject to the following conditions:

- a. The transactions are repetitive in nature
- b. Such approval is in the interest of the company.
- c. Such Approval shall specify the
  - Names of the Related Party, nature of Transaction, period of transaction, maximum amount of transaction that can be entered into,
  - The indicative base price/ current contracted price and the formula for the variation in the price, if any and
  - 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.

All the omnibus approval accorded shall reviewed by the Audit Committee on a quarterly basis. The omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year. Audit Committee shall also review and approve any changes or amendment in the Related Party Transactions which are already approved by the Committee.

# II. Prior Approval of Board

All Related Party Transaction enumerated in the section 188 of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of Board & its Power) Rules, 2014 as amended from time to time, requires prior approval of the Board.

Provided that No prior approval of the Board is required for any Related Party Transaction entered into by the company in its ordinary course of business, other than the transaction which are not on an arm's length basis.

All the Material Related Party Transactions in terms of the Listing Agreements with the Stock Exchange would also require Board Approval.

No member of the Board shall vote on such resolutions, to approve any Related Party Transactions which may be entered into by the company, if such member is a related party.

## III. Prior Approval of Shareholders

Prior approval of the Shareholders also require along with the Board Approval in case of the Related Party Transactions, enumerated under section 188(1) (a) to (d); (f) & (g) of the Companies Act, 2013 read with Rules 15 of the Companies (Meetings of Board & its Power) Rules, 2014 entered in case of a company having a paid up share capital of not less than such amount, or transactions not exceeding such sums, as prescribed under Rule 15(3) of the Companies (Meetings of Board & its Power) Rules, 2014 as amended from time to time.

No member of the Company shall vote on such resolutions, to approve any Related Party Transactions which may be entered into by the company, if such member is a related party.



## IV. In case No Prior Approval obtained

Where a Related party Transaction is entered into by any director or any employee of the company without the prior approval of the Board or Shareholders, then such transaction should be ratified by the Board or the Shareholders at a meeting, as the case may be, within three month from the date of the transaction entered into. Otherwise, the transaction shall be voidable at the option of the Board and the concerned director shall indemnify the company against the loss incurred by it.

The company may also proceed against a director or any other employee who had entered into any Related Party Transaction in contravention of this provision for recovery of any loss sustained by it as a result of such transaction.

#### V. Disclosures/ Amendment

Related Party Transactions with proper justifications shall be disclosed in the Director's Report, as applicable.

Details of all material related party transactions shall be disclosed quarterly along with the compliance report on corporate governance.

The Related Party Transactions Policy shall be disclosed on the websites of the company and disclosed in the Annual Report, in the manner as may be required.

The Company reserves its right to amend or modify this Policy in whole or in part with the approval of the Board of Directors.