

B. L. KASHYAP AND SONS LIMITED

RELATED PARTY **TRANSACTION POLICY**

(AMENDED BY THE BOARD OF THE COMPANY AT ITS MEETING HELD
ON 24 MAY 2022.)

1. PREAMBLE

The Board of Directors of the company has adopted the following Policy and procedure with regard to Related Party Transactions. The policy envisages the procedure governing Related Party Transactions required to be followed by company to ensure compliance with the Law and Regulation. The Audit committee will review the same from time to time and propose the amendment required in the policy to the board of directors.

2. OBJECTIVE

This policy is framed as per requirements of regulation 23 of the Listing Agreement entered by the Company with the Stock Exchanges and intended to ensure proper approval and reporting of transactions between the Company and its Related Parties. The provisions of Companies Act, 2013 also requires approval of Audit Committee / Board / Shareholders, for various Related Party Transactions. The Company is required to disclose in its Annual Financial Statements and Directors Report, certain transactions between the Company and Related Parties as well as policies relating thereto.

The Related Party Transaction Policy shall be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report.

2.1 DEFINITIONS

“Arms Length Transaction” means transaction between two related or affiliated parties that is conducted as if they were unrelated, so that there is no question of conflict of interest.

“Audit Committee/Committee” means Committee of Board of Directors of the Company constituted under the provisions of Listing Agreement and Companies Act, 2013.

“Board” means Board of Directors of the Company.

“Control” means control as defined in Section 2 (27) of the Companies Act, 2013 and shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

“Key Managerial Personnel” (as defined in Section 2(51) of the Companies Act, 2013), in relation to the Company, means –

- Chief Executive Officer or the Managing Director or the Manager
- Company Secretary.
- Whole Time Director
- Chief Financial Officer and
- Such other officer as may be prescribed by the Government.

“Ordinary Course of Business” means a transaction which/wherein–

- is carried out in the normal course of business envisaged in accordance with the Memorandum of Association (‘MoA’) of the Company as amended from time to time, or
- is as per historical practice with a pattern of frequency, or
- is in connection with the normal business carried on by the Company, or
- the income, if any, earned from such activity/transaction is assessed as business income in the Company’s books of accounts and hence is a business activity, or
- is common commercial practice, or
- Meets any other parameters/criteria as decided by the Board/Audit Committee.

“Policy” means Related Party Transaction Policy.

“Material Related Party Transactions” means transaction / transactions with the related party to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.”

“Material Modification” means any modification(s), alteration(s) and/or change(s) in value of Original Contract of the existing Related Party Transaction by 25% or Rupees 100 Crore whichever is lower.

“Related Party” as defined under Listing Agreement is as under:

A ‘related party’ is a person or entity that is related to the company. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, directly or indirectly, in making financial and/or operating decisions and includes the following:

(i) Such entity is a related party under section 2 (76) of the Companies Act, 2013;

Section 2(76) of the Companies Act, 2013, as referred above, defines **Related Party** as —

- A Director or his relative;
- A Key Managerial Personnel or his relative;
- A firm, in which a director, manager or his relative is a partner;
- A private company in which a director or manager is a member or director;
- A public company in which a director or manager is a director and holds along with his relatives, more than two per cent. of its paid-up share capital;

- Anybody 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; [Except advice, directions or instructions given in a professional capacity]
- Any person on whose advice, directions or instructions a director or manager is accustomed to act. [Except advice, directions or instructions given in a professional capacity]
- Any company which is a holding, subsidiary or an associate company of such company; or a subsidiary of a holding company to which it is also a subsidiary.
- A director other than an Independent Director or Key Managerial Personnel of the holding Company or his relative with reference to a Company.

Or

- Such entity is a related party under the applicable accounting standards.

“Deemed Related party” as defined under first proviso of regulation 2(1) (zb) of Listing Agreement—

- (a) any person or entity forming a part of the promoter or promoter group of the listed entity; or
- (b) any person or any entity, holding equity shares:
 - (i) of twenty per cent or more; or
 - (ii) of ten per cent or more, with effect from April 1, 2023;

in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year; shall be deemed to be a related party:”

“Relative” as per section 2 (77) of the Companies Act, 2013, with reference to any person, shall be deemed to be relative of another, if he or she is related to another in the following manner, namely:-

- Father, includes step-father.
- Mother, includes step-mother.
- Son, includes step-son
- Son’s wife.
- Daughter.
- Daughter’s husband.
- Includes step-brother.
- Sister includes step-sister.
- Are members of a Hindu Undivided Family
- They are Husband or wife.

“Related party transaction” means a 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 a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract:

Provided that the following shall not be a related party transaction:

- (a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (b) the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - i. payment of dividend;
 - ii. subdivision or consolidation of securities;
 - iii. issuance of securities by way of a rights issue or a bonus issue; and
 - iv. buy-back of securities.
- (c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board:

Section 188 of the Companies Act, 2013, pertaining to the contracts or arrangements that can be entered into with related party are as follows:

- (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; and
- (g) Underwriting the subscription of any securities or derivatives thereof, of the Company.

Transactions that, require previous approval of Shareholders of the Company, as prescribed under rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014, includes the transactions/ contracts/ arrangements as follows :

1. Sale, purchase or supply of any goods or materials, directly or through appointment of agent, exceeding ten per cent of the turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188 of Companies Act, 2013;
2. Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, exceeding ten per cent of net worth of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188 of Companies Act, 2013;
3. Leasing of property of any kind exceeding ten per cent of the net worth of the company or ten percent. of turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (c) of sub-section (1) of section 188 of Companies Act, 2013;

4. Availing or rendering of any services, directly or through appointment of agent, exceeding ten per cent of the turnover of the company or rupees fifty crore, whichever is lower, as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188 of Companies Act, 2013.

These limits shall however, apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

“Collectively the Related Party Transaction shall constitute the above.”

Senior Management Personnel” shall mean personnel of the company who are members of its core management team excluding Board of Directors. Normally, this shall comprise all members of management one level below the Executive Directors, including all functional heads and all employees at Vice President Position and above.

3. TERMS OF THE POLICY

All the Related Party Transactions and subsequent material modifications proposed to be entered shall require prior approval of the Audit Committee of the listed entity Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions including the transactions to be entered in the ordinary course of business.

The Audit Committee shall accordingly recommend the Related Party Transaction for the approval of Board of Directors / Shareholders as per the terms of this policy.

All the Related Party Transactions prescribed under Section 188 of Companies Act, 2013 and within the threshold limits prescribed under rule 15 sub rule(3) of Companies (Meetings of Board and its Powers) Second Amendment Rules, 2014, shall alongwith the Audit Committee Approval shall also require approval of the Board of Directors.

All the Material Related Party Transactions and Related Party Transactions, exceeding the threshold limits prescribed under rule 15 sub rule(3) of Companies (Meetings of Board and its Powers) Second Amendment Rules, 2014 shall require prior approval of the Audit Committee, Board of Directors and Shareholders of the Company by way of Special Resolution.

All related party transaction to which the subsidiary of listed entity is a party but the Company is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten percent of the annual consolidated turnover, as per the last audited financial statements of the listed entity;

With effect from April 1, 2023 a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party , shall require prior approval of audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transaction during a financial year , exceed 10% of the annual standalone turnover , as per the last audited financial statement of the subsidiary.

However, Related Party Transactions which are either not at arm’s length or not undertaken in the ordinary course of business shall require the prior approval of the Audit Committee, Board of Directors and the Shareholders by way of special resolution in order to allow the Company to enter into arrangements/transactions/contracts with related party of the Company as per the prescribed provisions of Companies Act, 2013 alongwith the rules made thereunder and the Listing Agreement.

4. PROCEDURES

4.1 IDENTIFICATION OF RELATED PARTY TRANSACTIONS

Each Director, Key Managerial Personnel and Senior Management Personnel shall be required to disclose to the Audit Committee any potential Related Party Transaction(s) proposed to be entered into by them or their relatives.

4.2 REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

A. AUDIT COMMITTEE

All Related Party Transactions ('RPTs') and subsequent material modifications thereof shall require prior approval of the Audit Committee.

All Related Party Transactions of a subsidiary(ies) and subsequent material modifications, to which the Company is not a party shall require prior approval of Audit Committee, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year:

- exceeds 10% of the annual consolidated turnover, as per the last audited financial statements of the Company (upto March 31, 2023)
- exceeds 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary (w.e.f. April 1, 2023)

Further, only the Independent Directors who are members of Audit Committee shall approve the Related Party Transactions. The Audit committee shall consider the following factors while deliberating the related party transactions for its approval: -

- Name of party and details explaining nature of relationship
- Nature of transaction and material terms thereof including the value, if any;
- the manner of determining the pricing to ascertain whether the same is on arm's length
- Business rationale for entering into such transaction

Any member of the Committee who has a potential interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

If the committee determines that the a related party transaction is (i) a Material related party transaction or (ii) Transactions are not in the ordinary course of business or not at the arm's length price, the audit committee shall place the matter before the board for obtaining its approval.

B. OMNIBUS APPROVAL OF RELATED PARTY TRANSACTIONS

The Audit Committee may grant omnibus approval, pertaining to the transactions in the ordinary course of business, transactions for support service/ sharing of services with Associates Companies, Sub Lease of Office Premises or Office Sharing arrangement with Associate Companies or any other transactions or arrangements as it may deem appropriate, being proposed to be entered into on Arms Length basis, subject to the following conditions:

- a. The Audit Committee shall grant omnibus approval in line with this policy and such approval shall be applicable in respect of transactions which are repetitive in nature.
- b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- c. 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 or criteria's, as the Audit Committee may deem fit;

However, 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.

- d. Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions entered into by the company pursuant to each of the omnibus approval given.
- e. Such omnibus approvals shall be valid for a period not exceeding one year and shall require freshapprovals after the expiry of one year.
- f. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

While assessing a proposal put up before the Audit Committee/Board for approval, the Audit Committee/Board may review the following documents/seek the following information from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not:

- Nature of the transaction i.e., details of goods or property to be acquired/transferred or services to be rendered/availed –including description of functions to be performed, risks to be assumed and assets to be employed under the proposed transaction;
- Key terms (such as price and other commercial compensation contemplated under the arrangement) of the proposed transaction, including value and quantum;
- Key covenants (non-commercial) as per the draft of the proposed agreement/contract to be entered into for such transaction;
- Special terms covered/to be covered in separate letters or undertakings or any other special or sub arrangement forming part of a composite transaction;
- Benchmarking information that may have a bearing on the arm's length basis analysis, such as: market analysis, research report, industry trends, business strategies, financial forecasts, etc.; third party comparables, valuation reports, price publications including stock exchange and commodity market quotations; management assessment of pricing terms and business

justification for the proposed transaction; o comparative analysis, if any, of other such transaction entered into by the company.

- An activity in which a company is ordinarily engaged as its business (A company engaged in the business of giving loans or guarantees, giving loans or guarantees);
- An activity required in conduct of business within normal commercial customs and usages;
- Transactions in the ordinary course of a company's current trade bonafide entered into and completed;
- Transactions which a company carries out frequently and is not a 'one-off' transaction or an isolated transactions;
- Transaction entered into to enable a company remain as a going concern;
- A bonafide transaction done. The contract should be incidental to the business.
- Any normal incident in the course of business and is customary in the course of business. (for example, furnishing guarantee by a company engaged in freight brokerage, to a shipping company, was not considered inthe ordinary course of business)
- Provision in the Memorandum of Association or any legal obligation pursuant to which an activity is undertaken.

Whether a contract is in the ordinary course of business will have to be determined on the facts of each case and by considering the points mentioned above, not in isolation but in combination.

In case the Audit Committee determines that the Related Party Transaction requires the approval of the Board of Directors or Shareholders as per the terms of this policy and applicable regulatory provisions then it shall refer the said Related Party Transaction before the Board of Directors for its approval alongwith all the relevant information/ documents pertaining to the same.

The Board shall review the same and shall have the authority to call for such additional information as it may deem appropriate and may approve with or without modification(s) or reject the proposed related party transaction as per the terms of this policy and other applicable regulatory provisions.

In case, the Board determines that Related Party Transaction requires the approval of the shareholders as per the terms of this policy and applicable regulatory provisions then it shall refer the said Related Party Transaction to the shareholders for its approval alongwith all the relevant information/ documents pertaining to the same, as per the appropriate regulatory provisions.

C. TRANSACTIONS WHICH DO NOT REQUIRE APPROVAL

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee:

- (a) Any transaction involving the providing of compensation to a director or Key Managerial Personnel in connection with his duties to the Company including the reimbursement of reasonable business

And travel expenses incurred in the ordinary course of business.

(b) Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.

(c) Prior approval of the audit committee of the listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

(d) Any transaction 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.

(e) Any transaction in which 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

D. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

If a Related Party Transaction is entered into by the Company without being approved under this Policy, the same shall be reviewed by the Committee. The Committee shall evaluate the transaction and may decide such action as it may consider appropriate including ratification, revision or termination of the Related Party Transaction.

In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

5. DISCLOSURES

Every Related Party Transaction with proper justification shall be disclosed in the Directors Report.

- Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- The company shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report.

This Policy will be communicated to all operational employees and other concerned persons of the Company.

6. RATIFICATION

Any Related Party Transaction entered into without obtaining the prior approval of the Audit / Board / Shareholders (respective authority/ies) may be ratified, subject to the applicable provisions of the Companies Act, 2013 and the Listing Agreement, if post review of the said transaction / contract, the appropriate authority is satisfied, that the said Related Party Transaction is not detrimental to the interest of the Company, however, the appropriate authority may also ratify such transaction or contracts, with or without the modification(s).

If the appropriate authority decides, not to approve a particular transaction, it may require the Related Party to reimburse the benefits which might have accrued to it and/ or indemnify the Company with regard to the subject Related Party Transaction which is not approved by the appropriate authority.

However the Related Party transaction which are entered into without the approval of the appropriate authority and subsequently not ratified by the appropriate authority, the applicable provisions of the Companies Act, 2013 and Listing Agreement, shall apply.

7. SCOPE/LIMITATION

In the event of any conflict between the provisions of this Policy and the Act, the Rules prescribed thereunder and / or the SEBI Regulations, as the case may be, the provisions of the Act and the Rules prescribed thereunder and / or the SEBI Regulations, as the case may be, shall prevail over this Policy.

Disclaimer: This policy has been framed in accordance with requirement of Regulation 23 of the Listing Agreement. This may not cover transactions which are required to be dealt as per Accounting Standard -18.

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