



# **KNR CONSTRUCTIONS LIMITED**

## **POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND DEALING WITH RELATED PARTY TRANSACTIONS**



## **Objectives:**

The Board of Directors (hereinafter referred to as “the Board”) of KNR Constructions Limited has adopted policy on determining materiality of Related Party Transactions (hereinafter referred to as “the policy”) to set forth the procedures under which transactions with Related Parties and materiality thereof shall be ascertained and considered subsequently for approval.

This Policy also aims to comply with the provisions of Section 188 of the Companies Act 2013 and Regulation 23 of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) 2015 (SEBI Listing Regulations), as amended from time to time. This policy applies to transactions between the Company and one or more of its Related Party(ies) as defined herein below. It provides a framework for governance and reporting of Related Party Transactions including Material Related Party Transactions.

## **Definitions:**

“The Company” shall mean the KNR Constructions Limited (KNRCL)

“Arm’s length Transactions” means a transaction between two Related Parties that is conducted as if they are unrelated, so that there is no conflict of interest.

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

“Board” means the Board of Directors of KNRCL, as constituted from time to time

“Key Managerial Personnel” (“KMP”) means a person who is a KMP, as defined under Companies Act, 2013.

“Listing Regulation” means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

“Material Modification” shall mean and include any modification to existing related party transaction having variance of 20% of the existing limit as sanctioned by the Audit Committee/Board/Shareholders, as the case may be.”

“Related Party or Related Parties” means related party as defined under Section 2(76) of the Companies Act, 2013 read with sub-regulation (zb) of Regulation 2 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments from time to time.



“Related Party Transaction” means any transaction or arrangement in which the Company and Related Party are contracting parties either directly or indirectly as defined under Section 188 of the Companies Act, 2013 and sub-regulation (zc) of Regulation 2 of SEBI (Obligations and Disclosure Requirements) Regulations, 2015 and amendments issued from time to time

“Relative” with reference to a director or a Key Managerial Personnel mean persons defined under Section 2(77) of the Companies Act, 2013 read with amendments issued from time to time.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, or SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 or any other laws or regulations from time to time.

#### **Policy on Related Party Transactions:**

1. The Company shall not enter into any transaction/contract/agreement or any subsequent modification thereof with a related party without the prior approval of the Audit Committee unless the transaction /contract/ arrangement / modification enjoys any exemption as provided under the Companies Act, 2013 or Rules made thereunder or under the SEBI Listing Regulations.
2. The Audit Committee may grant omnibus approval for Related Party Transaction proposed to be entered into by the company, subject to the conditions as stated under Regulation 23(3) SEBI Listing Regulations.

#### **I) Criteria for granting omnibus approval of related party transactions for repetitive transactions**

- a) Maximum value of transactions in aggregate allowed for the financial year: The Company shall at the beginning of each financial year (in the first Board/ Audit Committee meeting of the Financial year where the full years financials are being tabled for approval) share the maximum limit for each category of transaction with each of the related parties based on the plan for the financial year. Any deviation from the same will be ratified in the subsequent quarters Board/ Audit Committee meeting along with the rationale for such deviation.
- b) Maximum value per transaction allowed during the year: At the beginning of the financial year, the maximum amount per transaction with related parties to be entered during the year may be indicated. If there is a revised forecast during the year, the same may be updated to the Audit Committee. Any deviation from the



same will be ratified in the subsequent quarters Audit Committee meeting along with the rationale for such deviation.

- c) Disclosures to be made to the Audit Committee for seeking omnibus approval: Name of the related party, brief description of the transactions, nature and duration of product / service taken / given, value of transaction, the basis for considering the transaction as being at arms' length and in the ordinary course of business along with such other information as the Audit Committee may seek from time to time.
  - d) Intervals at which the Audit Committee would review the transactions entered with related parties: The audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity or its subsidiary pursuant to each of the omnibus approvals given.
  - e) Transactions which cannot be subjected to omnibus approval: Only the transactions which are repetitive in nature and covered above shall be subject to omnibus approval. Any one off transaction other than the ones in ordinary course of business shall require specific approval of the Audit Committee.
  - f) Where the need for related party transaction cannot be foreseen and aforesaid details are not available, the audit committee may make omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.
  - g) The omnibus approval granted by the audit committee shall be valid for a period of one year and the following shall be indicated in the omnibus approval granted by the audit committee:
    - Name of the related parties,
    - Nature and duration of the transaction,
    - Maximum amount of transaction that can be entered into,
    - Any other relevant information including such other disclosures as may be prescribed by law from time to time.
3. In the event any contract or arrangement with a related party is not in the ordinary course of business or not at arm's length, the Company shall comply with the provisions of the Companies Act, 2013 and the Rules framed thereunder and obtain approval of the Board or its shareholders, as applicable, for such transaction/ contract /arrangement / modification.



4. All Directors and Key Managerial Personnel are required to disclose their concern/interest in other companies, body corporates, firms or other Association of Persons (AOPs) including shareholdings along with their list of relatives to the Company at the beginning of every financial year and at the first Board meeting wherein they participate and whenever there is any change in their disclosures already made as per the provision of the Companies Act, 2013.
5. They are also required to intimate the Board or Audit Committee of any potential Related Party Transaction involving him/her or his/her Relatives, including any additional information about the transaction that the Board / Audit Committee may reasonably request. The said list of identified Related Parties is shared with the concerned Department to identify and decide on treatment of Related Party Transactions

#### **Policy on Material Related Party Transactions:**

All material related party transactions shall require prior approval of the shareholders by way of an ordinary resolution as stipulated under the provisions of the Companies Act, 2013 and rules made thereunder and SEBI Listing Regulations (unless exempted under the provisions of SEBI Listing Regulations as amended from time to time) and no related party shall vote to approve such resolution whether the entity is a related party to the particular transaction or not.

Further, all related party transactions (other than material related party transactions) pursuant to section 188 of the Companies Act, 2013 which are not in the ordinary course of business or not an arms' length transaction and cross the threshold limits prescribed under Companies Act, 2013 shall also require the approval of shareholders of the Company and the concerned Related Party shall abstain from voting on such resolution(s).

Provided that prior approval of the shareholders of a 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.

#### **Related Party Transactions of subsidiaries of the Company**

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 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 per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

### **Ratification of related party transactions:**

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 this regulation;
- (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 authorized by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.

### **Amendments:**

The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.

*V3-Amended policy approved by the Board at its meeting held on 13<sup>th</sup> February 2025.*