

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

1. Purpose and Scope

This policy ("Policy") for determining materiality of related party transactions and dealing with related party transactions entered into by KSH International Limited ("Company") has been adopted pursuant to the provisions of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("Listing Regulations").

2. Manner of dealing with Related Party Transactions

- a. Identification of related parties and related party transactions Related parties and related party transactions will be identified in accordance with Section 2(76) and other provisions of the Act, and Regulation 2 (zb), Regulation 2 (zc) and Regulation 23 of the SEBI (LODR) Regulations, 2015.

The Company Secretary shall at all times maintain a data base of the Company's Related Parties, containing names of companies, individuals, firms etc. identified on the basis of declaration made by the Directors and KMP from time to time. The list of related parties shall be updated as and when necessary and shall be reviewed on quarterly basis.

The list of related parties and any amendment thereto will be circulated to all the Divisions and subsidiaries once in every quarter.

- b. Determination of "ordinary course of business" and "arms length" Related party transactions are to be undertaken on arm's length terms.

While determining "ordinary course of business" the Company will consider factors such as the objects of the company permit such activity or activities or historical practice or pattern of frequency and the transaction has a connection with the normal business carried on by the company.

Section 188 (1) sub clause (b) to the explanation states – Arm's length transaction means a transaction between two related parties that is conducted as if they were unrelated.

3. Definitions

"Act" means the Companies Act, 2013, as amended from time to time;

"Related Party" means a related party as defined under sub-section (76) of section 2 of the Act or under the applicable accounting standards.

Provided that:



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(a) any person or entity forming a part of the promoter or promoter group of the Company; or (b) any person or any entity, holding equity shares: of 10% (ten percent) or more, in the Company either directly or on a beneficial interest basis as provided under section 89 of the Act, at any time, during the immediate preceding financial year; shall be deemed to be a related party.

“Related Party Transaction” means a transaction involving a transfer of resources, services, or obligations between:

- a) the Company or any of its subsidiaries on one hand and a Related Party of the Company or any of its subsidiaries on the other hand; or
- b) the Company 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 Company or any of its subsidiaries, regardless of whether a price is charged, and a “transaction” with a Related Party will be construed to include a single transaction or a group of transactions in a contract.
- c) Provided that the following shall not be a Related Party Transaction:
 - d) 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;
 - e) the following corporate actions by the Company 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 6 (six) months to the stock exchange(s), in the format as specified by the Securities and Exchange Board of India.

“Relative” means relative as defined under sub-section (77) of section 2 of the Act and rules prescribed there under.

“Specified RPT” means a contract or arrangement between the Company and a related party

(as defined under sub-section (76) of section 2 of the Act) with respect to:

- (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;

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- (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.

4. Materiality of Related Party Transactions

- a. Any Related Party Transaction shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds the lower of, INR 1000 Crore (Indian Rupees One Thousand Crores) or 10% (ten per cent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company ("Material RPT").
- b. Notwithstanding anything contained in paragraph 3.1 above, a Related Party Transaction involving payments by the Company to a Related Party with respect to brand usage or royalty shall be considered a Material RPT if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds 5% (five per cent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

5. Identification of related parties and potential Related Party Transactions

- 1. Each director and key managerial personnel of the Company is responsible for:
 - (a) disclosing (and periodically updating) to the Company Secretary of the Company, particulars of his/her Relatives and his/her interest in any other Person, that may fall within the definition of a "Relative" or "Related Party".
 - (b) providing notice to the Company Secretary of the Company from time to time of any potential transaction involving them or their Relative or any other Person, that may fall within the definition of a "Relative" or "Related Party", including any additional information about the transaction that the Audit Committee/Board may reasonably request with respect to such Person or transaction.
- 2. The Chief Financial Officer, in consultation with the Audit Committee of the Company, ("Audit Committee"), shall be responsible for determining whether a transaction constitutes a Related Party Transaction.

3. Audit Committee

- 1. All Related Party Transactions and subsequent Material Modifications thereto shall require the prior approval of the Audit Committee.



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Only those members of the Audit Committee who are independent directors shall approve the Related Party Transactions. In this context, the term “Material Modification” shall mean any subsequent change to an existing Related Party Transaction, having a variance of 20% (twenty per cent) or more as compared to earlier approved transaction.

2. In case the Audit Committee does not approve a Related Party Transaction (other than a Specified RPT) it shall make its recommendations to the Board of Directors of the Company (“Board”).
3. A related party transaction to which any subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Audit Committee, if the value of such transaction, whether entered into individually or taken together with previous transactions during a financial year, exceeds 10% (ten percent) of the annual standalone turnover, as per the last audited financial statements of the said subsidiary.
4. Prior approval of the Audit Committee would not be required, for a related party transaction to which a listed subsidiary of the Company is a party but the Company is not a party, if Regulation 23 and Sub-Regulation (2) of Regulation 15 of the Listing Regulations are applicable to such listed subsidiary. In case of related party transactions entered into by an unlisted subsidiary of such listed subsidiary, the prior approval of the audit committee of the listed subsidiary would suffice.
5. The Audit Committee may grant omnibus approval (“Omnibus Approval”) to the Related Party Transactions proposed to be entered into by the Company, subject to the fulfillment of the following conditions:
 - A. The Audit Committee may grant omnibus approval for a proposed related party transaction subject to the following conditions:
 - a. The Audit Committee shall lay down the criteria for granting omnibus approval in line with the criteria specified by the board and the Policy for Related Party Transactions of the company and such approval shall be applicable to transactions which are repetitive in nature;
 - b. The Audit Committee shall satisfy itself of the need for such omnibus approval and that the said approval is in the interests of the company.
 - c. Where the specific details of an anticipated transaction are not available, the Audit Committee may grant omnibus approval to such a transaction up to a limit of Rs. 1 crore per transaction annually.
 - d. Omnibus approvals shall be valid for maximum of one financial year.
 - e. The Omnibus Approval must specify:
 - i. the name(s) of the Related Party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into;
 - ii. the indicative base price / current contracted price and the formula for variation in the price if any; and



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iii. such other conditions as the Audit Committee may deem fit, or as may be prescribed under the Listing Regulations.

6. Any member of the Audit Committee who has potential interest in the Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.
7. The Audit Committee shall review, at least on a quarterly basis, the details of the Related Party Transaction entered into by the Company pursuant to each of the Omnibus Approvals given.

4. Board Approval

Approval of the Board shall be required for all RPTs or Specified RPTs, if so required under law. In addition, the Board may specify by a resolution of the board, any other types of RPTs or Specified RPTs that require approval of the Board in addition to the approval of the Audit Committee ("Board Matter RPT") in accordance with paragraph 5 above. Such Board Matter RPTs shall require approval of the Board in addition to the approval of the Audit Committee.

5. Shareholders' Approval

1. All Material RPTs and any subsequent Material Modifications thereto, shall require the prior approval of the shareholders of the Company ("Shareholders") through a resolution. No related party of the Company will be entitled to vote on such Shareholders' resolution for approval of the Related Party Transaction or any Material Modification thereto.
2. No prior approval of the Shareholders is required for a Material RPT to which a listed subsidiary of the Company is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of the Listing Regulations are applicable to such listed subsidiary.

In case of Material RPTs entered into by an unlisted subsidiary of such listed subsidiary, the prior approval of the shareholders of the listed subsidiary would suffice.

6. No prior approval required

The requirement of obtaining prior approval is not applicable for the following Related Party Transactions:

- a) Related Party Transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the accounts of the Company and placed before the Shareholders for their approval; and
- b) Related Party Transactions entered into between two wholly owned subsidiaries of the Company whose accounts are consolidated with the accounts of the Company and placed before the Shareholders for their approval.

7. Specified RPTs

- a) Notwithstanding anything contained, the Company shall not enter into a Specified RPT which is not: (a) at an arm's length price; and (b) in ordinary course of business, except with the prior approval of the Board.
- b) Any Specified RPT which exceeds the thresholds prescribed under the Act read with Rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014), and which is not at arm's length price or in ordinary course of business, cannot be entered into by the Company except with the prior approval of the Shareholders by a resolution.

No Shareholder shall vote on such resolution to approve the Specified RPT if such Shareholder is a Related Party.

No prior approval of the Shareholders would be required for a Specified RPT entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the accounts of the Company and placed before the Shareholders for their approval.

8. Related Party Transactions not approved under this Policy

- a) In the event the Company becomes aware of any Related Party Transaction that has not been approved under this Policy, the matter shall be brought to the notice to the Audit Committee within 30 (thirty) days from the date it is found by the Company. The Audit Committee shall consider all 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 said Related Party Transaction. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of obtaining prior approval of any Related Party Transaction as required under this Policy, the Listing Regulations and/or the Act, and shall take any such action it deems appropriate.
- b) In the event a Specified RPT is entered into by a director or any other employee of the Company, without obtaining the consent of the Board or the Shareholders, as required by paragraph 9 above, and it is not ratified by the Board or, as the case may be, by the Shareholders at a meeting within 3 (three) months from the date on which such Specified RPT was entered into, such Specified RPT shall be voidable at the option of the Board or, as the case may be, of the Shareholders. In the event, such Specified RPT has been entered into with a person who is a Related Party of any director of the Company, or if such Specified RPT has been authorised by any other director of the Company, such director(s) shall be liable to indemnify the Company against any loss incurred by it.

9. Disclosures

- a) The Company shall disclose this Policy, as required under the Listing Regulations, on its website and provide a weblink for where the Policy is disclosed in its annual report.

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- b) The Company shall make disclosures on Related Party Transactions in its annual report, in the format prescribed in the Listing Regulations (as amended from time to time). Additionally, the Company shall make such disclosures to the stock exchanges on which it is listed (“Stock Exchanges”), every 6 (six) months on the date of the publication of its standalone and consolidated financial results.
- c) Details of Related Party Transactions shall be disclosed in the report of the Board as required under Section 134(3) of the Act and in the financial statements of the Company as required under applicable Accounting Standard(s).
- d) Necessary entries of the Specified RPTs shall be made in the Register of Contracts or Arrangements in which Directors are interested, as maintained under Section 189 of the Act.

10. Amendment and review

This Policy will be subject to review by the Board at least once every 3 (three) years or at any earlier intervals as and when deemed necessary by the Board. In the event of any conflict between the terms of this Policy and applicable law (including the Listing Regulations and the Act), the provisions of the applicable law shall prevail
