



POLICY ON RELATED PARTY TRANSACTIONS



KLJ RESOURCES LIMITED

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CIN: L67120WB1986PLC04148



I. SCOPE AND PURPOSE OF THE POLICY

Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 (“Act”) read with the Rules framed there under and the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (hereinafter ‘SEBI Regulations’), KLJ Resources Limited (“KRL” or “the Company”) has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions. Also, SEBI Regulations require a Company to formulate a policy on materiality of related party transactions and dealing with related party transactions. In light of the above, KRL has framed this Policy on Related Party Transactions (“Policy”).

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time.

The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

II. DEFINITIONS

“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.

“Board” means the Board of Directors of the Company.

“Audit Committee” means the Committee of the Board formed under Section 177 of the Act and SEBI Regulations.

“Key Managerial Personnel” (“KMP”) in relation to the Company shall be as defined under Section 2(51) of the Act, as amended from time to time.



“Ordinary course of business” means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and include all such activities which the Company can undertake as per its Memorandum & Articles of Association.

“Related Party”, means with reference to a Company, shall have the same meaning as defined in Section 2 (76) of the Companies Act, 2013 or under applicable accounting standards and Regulation 2 (zb) of SEBI Regulations.

“Related Party Transaction” means-

- for the purpose of the Act, specified transaction of the Company with Related Parties mentioned in clause (a) to (g) of sub-section 1 of Section 188 and
- for the purpose of Regulation 2 (zc) of the SEBI Regulations, 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 listed entity 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 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:

Provided that following shall not be considered Related Party Transaction of the Company in terms of SEBI Regulations:

- (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) payment of dividend by the Company;
- (c) subdivision or consolidation of securities by the Company ;
- (d) issuance of securities by way of a rights issue or a bonus issue and
- (e) buy-back of securities.



(f) 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:

Provided that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s);

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

Provided that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s);

“Subsidiary Company” means as defined under Section 2(87) of the Companies Act, 2013 read with related rules issued thereon including any statutory modification and amendment thereof as may be issued from time to time.

“Material Modification” of related party transaction shall mean and include any modification to an 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.

“Turnover” means as defined under Section 2(91) of the Companies Act, 2013.

“Policy” means Related Party Transaction Policy.

Any other term not defined herein shall have the same meaning as defined in the Act, the Listing Regulations, Securities Contract Regulation Act or any other applicable law or regulation.

III. MATERIALITY THRESHOLDS

In accordance with Regulation 23 of Listing Regulations, the Company has formulated this Policy on materiality of related party transactions and on dealing with related party transactions including clear threshold limits duly approved by the Board of Directors and such policy shall be reviewed by the board of directors at least once in every three years and updated accordingly.



A transaction with a related party shall be considered material if the transactions to be entered individually or taken together with previous transactions during a financial year, exceeds Rs. 1,000 crore or 10% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower (**“Material Related Party Transaction”**).

Further, 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, exceeds 5% of the annual consolidated turnover of the Company as per the last audited financial statements.

IV. MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

a) Identification of related parties

The Company shall identify and update the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under or under applicable Indian accounting standards and as required by SEBI Regulations.

b) Identification of related party transactions

The Company shall identify all related party transactions in accordance with Section 188 of the Act and SEBI Regulations and post identification determine whether the transaction is in the ordinary course of business and at arm's length basis or not and for this purpose, the Company may seek external professional opinion, if necessary.

c) Procedures for review and approval of Related Party Transactions (RPT)

- Every related party transactions and subsequent material modifications shall require prior approval of the Audit Committee of the Company. Further, only those members of the Audit Committee who are independent directors, shall approve related party transactions.
- Every related party transaction to be entered into by the subsidiary of the Company to which the Company is not a party, shall require prior approval of the audit committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds 10% of the standalone turnover, as per the last audited financial statements of the Company.



However, prior approval of the audit committee shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party, if Regulation 23 and Sub-Regulation (2) of Regulation 15 of these regulations are applicable to such listed subsidiary.

For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in (d) above, the prior approval of the audit committee of the listed subsidiary shall suffice.

- The Audit Committee shall be provide such details as may be required to assess the RPTs including the information required to be provided as per the Companies Act, 2013 and SEBI Regulations.
- All Related party transactions and subsequent material modifications shall require prior approval of the Audit Committee. However, the Audit committee may grant omnibus approval for related party transaction(s) proposed to be entered into by the Company subject to the following conditions:
 - (i) the related party transaction proposed to be entered into with the Company must be repetitive in nature and in the ordinary course of business and at Arm's Length basis.
 - (ii) the audit committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.
 - (iii) the omnibus approval shall specify:
 - a) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into,
 - b) the indicative base price / current contracted price and the formula for variation in the price if any; and
 - c) 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.



- (iv) Audit committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approvals given.
- (v) Such omnibus approvals shall be valid for a period not exceeding 1 year and shall require fresh approvals after the expiry of 1 year.
- Transaction(s), other than transactions referred to under Section 188 of the Companies Act, 2013 entered into between a holding company and its wholly owned subsidiary or between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Holding Company and placed before the shareholders at the general meeting for approval shall not require approval of the Audit Committee.
- If the Committee determines that a Related Party Transaction should be brought before the board, or where Committee does not approve the transaction shall make its recommendation to the Board or if the Board in any case decides to review any such matter or it is mandatory under any law for board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be deemed fit.
- A Director, if interested in any Related Party Transaction, shall not be present at the meeting, during discussions and shall not vote on such item.
- All material related party transactions and subsequent material modifications thereof shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Provided that prior approval of the shareholders of the Company shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party, if Regulation 23 and sub-Regulation (2) of Regulation 15 of these regulations are applicable to such listed subsidiary.

For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.



- All the transactions, other than the Material Related Party Transactions, with the Related Parties which are not in Ordinary course of business or at Arm's Length basis shall also require prior approval of the shareholders through resolution, and the related Parties shall abstain from voting on such resolution.
- Nothing in this Policy shall override any provisions of law made in respect of any matter stated in this Policy.

d) Related Party Transactions not approved under this Policy

In the event, the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The 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 Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy and shall take appropriate action(s), it deems fit and proper.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee shall have the authority to modify or waive any procedural requirements subject to such waiver or modification is in accordance with the act and/or SEBI Regulations.

V. DISCLOSURES

- a) The Company 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.
- b) The Company shall submit to the stock exchanges, on a half-yearly basis, within the timelines as prescribed by SEBI from time to time, the disclosures relating to Related Party Transactions in the format as specified by SEBI from time to time and publish the same on the website of the



Company.

- c) Details of all material transactions with Related Parties shall be disclosed as part of the Report on Corporate Governance, included in the Annual Report of the Company.
- d) This policy shall also be uploaded on the website of the Company at www.kljresources.in and a web link thereto shall be provided in the Annual Report of the Company.
- e) The Company is required to maintain Register of Contracts or Arrangements in which Directors are interested, giving separately the particulars of all contracts or arrangements with any related party as required under the Companies Act 2013.

VI. NON-COMPLIANCE OF POLICY

A Related Party Transaction entered into without approval under this Policy shall not be deemed to violate this policy, or to be invalid or unenforceable, so long as the transaction is approved or ratified in accordance with the provisions of Companies Act, 2013 and SEBI Regulations.

VII. REVIEW OF THE POLICY

The adequacy of this Policy shall be reviewed and reassessed by the board of directors, periodically, once in every three years and update the Policy based on the changes that may be brought about due to any regulatory amendments or otherwise.

