

Related Party Transaction Policy of Kalyani Investment Company Limited

1. Preamble

The Board of Directors (the “Board”) of Kalyani Investment Company Limited (the “Company”) has adopted the following policy and procedures with regard to Related Party Transactions (hereinafter referred as “RPT”) that the Company may enter into from time to time, in compliance with the requirements of Section 188 of the Companies Act, 2013 and Rules made thereunder (the “Act”) and the Listing Agreements with the Stock Exchanges (“Listing Agreements”).

The Board of Directors will review and amend this policy from time-to-time as and when necessary or required. The Audit Committee / Board / General Meeting, as applicable shall, subject to requirements of the Act, Listing Agreements and this Policy review, approve and ratify (if permissible) the RPTs in terms of the requirements of this Policy.

2. Objective

This Policy is intended to ensure proper approval and reporting of RPTs as applicable, between the Company and related party(ies) in the best interest of the Company and its Stakeholders.

3. Definitions

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

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

3.3. “Key Managerial Personnel” or “KMPs” means a key managerial personnel as appointed by the Board in accordance with Act.

3.4. “Material Related Party Transaction” means a transaction with a related party if the transaction(s) to be entered into individually or taken together with previous transactions or group of transactions in a contract during a financial year, exceeds appropriate thresholds as specified in Annexure I hereto as per the last audited financial statements of the Company.

3.5. “Policy” means this Related Party Transaction Policy.

3.6. “Related” “Related Party” has the meaning assigned to such term:
a. under Section 2(76) of the Act; or
b. under the accounting Standards as may be in force from time-to-time in relation to Related Party.

3.7. “Related Party Transaction” has the meaning assigned to such term under the Act and the Listing Agreements.

3.8. “Relative” has the meaning assigned to such term under the Companies Act, 2013.

Capitalised term used in this Policy but not defined shall have meaning assigned to such term in the Act or the Listing Agreement (as applicable).

This Policy shall deem to have become effective from October 1, 2014.

4. Policy

Except as otherwise provided in this Policy, all Related Party Transactions shall be reported to & placed for approval to Managing Director (MD) and subsequently to the Audit Committee in accordance with this Policy.

4.1. Identification of Potential Related Party Transactions

- a. The Head of the Departments shall at all times maintain a database of Company's Related Parties containing the names of individuals and Companies in accordance with this Policy, along with their personal / company details including any revisions therein.
- b. The Related Party List shall be updated whenever necessary and shall be reviewed quarterly.
- c. The Company Secretary shall collate the information, coordinate and send the Related Party List to the concerned employees which may include MD, CFO, Functional Heads, the Finance & Accounts Department and who he believes might be in the position to know the possible conduct of RPTs.
- d. Functional departmental heads shall submit to the Company Secretary the details of proposed transaction with details / draft contract / draft agreement or other supporting documents justifying that the transactions are on arms' length basis in an ordinary course of business at prevailing market rate.
- e. Based on this note, the Company Secretary shall appropriately take up for necessary prior approvals from the Audit Committee at its next meeting and convey back the decision to the originator.
- f. Each director / Key Managerial Personnel shall be responsible for providing written notice to the Company Secretary of any potential RPT involving him or her or his or her Relatives, including any additional information about the transaction that the Company Secretary may reasonably request. The Company Secretary shall, in consultation with other members of senior management and with the Audit Committee, as appropriate, determine whether the transaction does, in fact, constitute a RPT requiring compliance with this Policy.
- g. Where any director / Key Managerial Personnel, who is not so concerned or interested at the time of entering into such contract or arrangement, he or she shall, if he becomes concerned or interested after the contract or arrangement is entered into, disclose his concern or interest forthwith when he or she becomes concerned or interested or at the first meeting of Board held after he or she becomes so concerned or interested.
- h. A contract or arrangement entered into by the Company without disclosure or with participation by a Director / Key Managerial Personnel who is concerned or interested in any way, directly or indirectly, in the contract or arrangement, shall be voidable at the option of the Company.
- i. The Company strongly prefers to receive such notice of any potential RPT well in advance so that the Company Secretary has adequate time to obtain and review information about the proposed transaction and other matter incidental thereto and

to refer it to the appropriate approval authority. Ratification of RPT after its commencement or even its completion may be appropriate in some circumstances.

4.2. Standards for Review

A RPT reviewed under this Policy will be considered approved or ratified if it is authorised by the Audit Committee or the Board or the shareholders in the General Meeting, as applicable, in accordance with the standards set-forth in this Policy after full disclosure of the Related Party's interests in the transaction. As appropriate for the circumstances, the Audit Committee or Board, as applicable, shall review and consider:

- a. the Related Party's interest in the RPT;
- b. the amount involved in the RPT;
- c. whether the RPT was undertaken in the ordinary course of business of the Company;
- d. whether the transaction with the Related Party is proposed to be, or was, entered on an arms' length basis;
- e. the purpose of and the potential benefits to the Company from the RPT;
- f. Whether there are any compelling business reasons for the Company to enter into the RPT and the nature of alternative transaction, if any;
- g. Whether the RPT includes any potential reputational risk issues that may arise as a result of or in connection with the RPT;
- h. Whether the Company was notified about the RPT before its commencement and if not, why pre-approval was not sought and whether subsequent ratification would be detrimental to the Company;
- i. Required public disclosure, if any; and
- j. Any other information regarding the RPT or the Related Party in the context of the proposed transaction that would be material to the Audit Committee / Board/ shareholders, as applicable in light of the circumstances of the particular transaction.

The Audit Committee / Board will review all relevant information available to it about the RPT. The Audit Committee or the Board, as applicable, may approve or ratify or recommend to the shareholders, the RPT only if the Audit Committee and / or the Board, as applicable, determines that, under all of the circumstances, the transaction is fair and reasonable to the Company.

4.3. Procedures for review and approval of Related Party Transactions

- a. All RPTs or changes therein along with relevant documentary supporting (including justification therefor) must be reported by Head of Departments to the Company Secretary and be referred to MD and on his confirmation placed before the Audit Committee for prior approval in accordance with this Policy. The Company Secretary shall place summary of such RPTs, material facts relating to each RPT and recommendations for each such RPT for approval of the Audit Committee.
- b. The Audit Committee shall undertake an evaluation of each RPT. If such evaluation indicates that the RPT would require approval of the Board, or if the Board elects to review any such RPT, then the Audit Committee shall report such RPTs, together with a summary of material facts, to the Board for its approval.
- c. If the Board is of the view that the RPT needs to be approved at a general meeting of the shareholders by way of a special resolution pursuant to the provisions of the Act or the Listing Agreements, then the same shall be placed for approval of the shareholders of the Company.

- d. If in case prior approval of the Audit Committee or the Board or the shareholders in general meeting, as applicable, for entering into a RPT is not feasible / not obtained, then the RPT shall be ratified by the Audit Committee / the Board / shareholders in the general meeting or by any other means as may be permissible under the Act, if required, within three (3) months of entering into such a RPT.
- e. In the event the Audit Committee or the Board or the General Meeting determines not to ratify a RPT as stated in (d) above which has been already acted upon by the Company, then the Committee or the Board or the general meeting, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation of such RPT or approve modifications to such RPT to make it acceptable for ratification. The Audit Committee or the Board shall have an authority to modify or waive any procedural requirements of this Policy so long as such modification or waiver is not inconsistent with the provisions of the Act and the Listing Agreements.
- f. In determining whether or not to approve or ratify a RPT, the Audit Committee or the Board or the General Meeting shall take into account, among other factors it deems appropriate, whether the RPT is on “arm’s length basis, in the ordinary course of Company’s business and if such aspects are absent whether such RPT is within the thresholds prescribed in Annexure-1 hereto.
- g. No director or Key Managerial Personnel shall participate in any discussion or approval of a RPT for which he or she is a Related Party, except that the director / Key Managerial Personnel shall provide all material information concerning such Related Party Transaction to the Audit Committee or the Board as appropriate.
- h. If the RPTs are in repetitive in nature, the Audit Committee may grant omnibus approval in line with this policy.
- i. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- j. The 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 as the Audit Committee may deem fit.

Provided that where the need for RPT 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 or such higher threshold as may be prescribed in future.

- k. Thereafter, the Audit Committee, shall review at least on a quarterly basis, the details of RTPs entered into by the Company pursuant to each of the omnibus approval given.
- l. The omnibus approval shall be valid for a period not exceeding one (1) year and shall require fresh approval after the expiry of one (1) year.
- m. The current threshold limits for approval of RPTs by Audit Committee or the Board or shareholders in General Meeting, as applicable, have been set-out in **Annexure**

/ hereto. Such limits shall stand automatically modified/ amended as and when such limits are amended under the Act and/or the Listing Agreements and shall accordingly be deemed to be incorporated in this Policy by reference.

- n. Nothing in this Policy shall override any provisions of law made in respect of any matter stated in this Policy.
- o. In case any difficulty or doubt arises in the interpretation of this Policy, the decision of the Chairman of the Audit Committee shall be final.

4.4. Disclosures & Registers

- a. The Company is required to disclose RPTs in the Company's Board's Report to shareholders of the Company at the Annual General in accordance with the Act and Rules made thereunder.
- b. Details of all RPTs requiring shareholders' approval in the general meeting shall be disclosed on a quarterly basis along with Company's Compliance Report on Corporate Governance, in accordance with the Act and the Listing Agreements.
- c. The Company is also required to disclose this Policy on its website and web link thereto shall be provided in the Annual Report of the Company.
- d. The Company shall keep and maintain a register, maintained physically or electronically, as may be decided by the Board of Directors, giving separately the particulars of all contracts or arrangements to which this policy applies and such register is placed/taken note of before the meeting of the Board of Directors.
- e. Every director or Key Managerial Personnel shall, within a period of 30 (thirty) days of this appointment, or relinquishment of his office in other companies, as the case may be,, disclose the Company the particulars relating to his/her concern or interest in the other association which are required to be included in the register maintained.

4.5. Amendment in Law

Any subsequent amendment/modification in the listing agreement and/or other applicable laws in this regard shall automatically apply to this Policy.

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

For Kalyani Investment Company Limited

Amit B. Kalyani
Chairman

Date: February 3, 2015
Place: Pune

ANNEXURE I

(A) Approval by Audit Committee/ Board at its meeting	RPTs which are <i>within below mentioned thresholds shall require prior Audit Committee & Board approval :</i>		
	A. Transaction or contract or arrangements (not in the Ordinary Course of Business or not on Arm's Length Basis)	Limits for the time being in force	
	a. Sale, purchase or supply of goods, materials directly or through appointment of agents	Not exceeding 10% of annual turnover or Rs. 100 cr (whichever is lower)*	
	b. Selling or otherwise disposing of, or buying, property of any kind or through appointment of agents	Not exceeding 10% Net Worth or Rs. 100 cr (whichever is lower)*	
	c. Leasing of property of any kind	Not exceeding 10% of Net Worth or 10% of turnover or Rs.100 cr (whichever is lower)*	
	d. Availing any services directly or through appointment of agents	Not exceeding 10% of turnover or Rs.50 cr (whichever is lower)*	
	e. Appointment of any office or place of profit in Company/its subsidiary or associate company	At monthly remuneration not exceeding Rs.2.5 lacs	
	f. Underwriting the subscription of any securities or derivatives thereof	Remuneration not exceeding 1% of the Net Worth	
B. Any transaction whether directly or indirectly involving any Related Party which concerns or relating to transfer of resources, services or obligation between the Company and a Related Party regardless of whether a price is charged but not covered in (a) to (f) above.		Not exceeding threshold as stated in B (1) below*	
(B) Approval at General Meeting by Special Resolution	1. If RPT, individually or taken together with previous RPTs during a financial year, exceeds 10% of the annual consolidated turnover as per the last audited financial statements of the Company		
	2. RPTs fall under the categories and exceed the prescribed limits:	Transaction	Threshold
		a. Sale, purchase or supply of goods, materials directly or through appointment of agents	Exceeding 10% of annual turnover or Rs. 100 cr (whichever is lower)*
		b. Selling or otherwise disposing of, or buying, property of any kind or through appointment of agents	Exceeding 10% Net Worth or Rs. 100 cr (whichever is lower)*
		c. Leasing of property of any kind	Exceeding 10% of Net Worth or 10% of turnover or Rs.100 cr (whichever is lower)*
		d. Availing any services directly or through appointment of agents	Exceeding 10% of turnover or Rs.50 cr (whichever is lower)*
		e. Appointment of any office or place of profit in Company/its subsidiary or associate company	At monthly remuneration exceeding Rs.2.5 lacs
		Transaction	Threshold
f. Underwriting the subscription of any securities or derivatives thereof	Remuneration exceeding 1% of the Net Worth		
	g. Any transaction whether directly or indirectly involving any Related Party	If exceeding the threshold limit as stated in B (1)	

		<p>which concerns or relating to transfer of resources, services or obligation between the Company and a Related Party regardless of whether a price is charged but not covered in (a) to (f) above</p>	<p>above*</p>
	<p>*For the transaction or transactions to be entered in to either individually or taken together with the previous transactions during a financial year.</p> <p>Annual Turnover and Net Worth referred above is computed as per audited Financial Statement for the preceding financial year.</p>		