

POLICY ON RELATED PARTY TRANSACTION

1. Title:

The Policy shall be called “Policy on Related Party Transaction” as approved by the Board of Directors of the Company.

2. Purpose :

The purpose of the policy is to draw procedures to ensure that the transactions with related parties are fair.

3. Definitions :

- a. **“Act”** means the Companies Act, 2013 as amended from time to time;
- b. **“SEBI Listing Regulations”** means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time;
- c. **“Board of Directors” or “Board”** means the collective body of the Directors of the Company;
- d. **“Company”** means K.C.P. Sugar and Industries Corporation Limited;
- e. **“Control”** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011;
- f. **“Arm’s Length Transaction”** means a transaction between two related parties that is conducted as if they were unrelated parties, so that there is no conflict of interest;
- g. **“Ordinary course of Business”** means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per its Memorandum & Articles of Association. The Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines;
- h. **“Key Managerial Personnel” or “KMP”** means key managerial personnel as defined under Section 2(51) of Companies Act, 2013.
- i. **“Related Party”** means related party as defined in Regulation 2(zb) of SEBI (Listing Obligations and Disclosure Requirements), 2015 which is as follows:

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:

- 1. A person or a close member of that person’s family is related to a Company if that person:
 - a. is a related party under Section 2(76) of the Companies Act, 2013 which are as follows:
 - i. a director or his relative ;
 - ii. a key managerial personnel or his relative ;
 - iii. a firm, in which a director, manager or his relative is a partner ;
 - iv. a private company in which a director or manager is a member or director ;

- v. 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;
- vi. 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 ;
- vii. any person under whose advice, directions or instructions a director or manager is accustomed to act

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

- viii. any company which is –
 - A. a holding, subsidiary or an associate company of such company ;
 - or
 - B. a subsidiary of a holding company to which it is also a subsidiary;
- ix. Director or key managerial personnel of the holding company or his relative with reference to a company; or
- b. has control or joint control or significant influence over the company; or
- c. is a key management personnel of the company or of a parent of the company;
- or

- 2. An entity is related to a company if any of the following conditions applies:
 - a. The entity is a related party under Section 2(76) of the Companies Act, 2013; or
 - b. The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); or
 - c. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); or
 - d. Both entities are joint ventures of the same third party; or
 - e. One entity is a joint venture of a third entity and the other entity is an associate of the third entity; or
 - f. The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company. If the company is itself such a plan, the sponsoring employers are also related to the company; or
 - g. The entity is controlled or jointly controlled by a person identified in (1).
 - h. A person identified in (1)(b) has significant influence over the entity (or of a parent of the entity); or

- j. **“Relative”** with reference to a Director or KMP means persons as defined in Section 2(77) of the Act and rules prescribed thereunder.
 - a. They are members of a Hindu Undivided Family;
 - b. They are husband and wife; or
 - c. Father (including step-father)
 - d. Mother (including step-mother)
 - e. Son (including step-son)
 - f. Son’s wife

- g. Daughter
 - h. Daughter's husband
 - i. Brother (including step-brother)
 - j. Sister (including step-sister)
- k. **“Related Party Transactions”** means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged. It refers to transactions/ contracts/ arrangement between the Company and its related parties which fall under one or more of the following headings:
- a. **As per Section 188 of the Companies' Act 2013:**
 - i. Sale, purchase or supply of any goods or materials;
 - ii. Selling or otherwise disposing of, or buying, property of any kind;
 - iii. Leasing of property of any kind;
 - iv. Availing or rendering of any services;
 - v. Appointment of any agent for purchase or sale of goods, materials, services or property;
 - vi. Such related party's appointment to any office or place of profit in the Company,
 - vii. its subsidiary Company or associate Company; and
 - viii. Underwriting the subscription of any securities or derivatives thereof, of the Company;
 - b. **As per Regulation 2 (zc) of SEBI LODR:**
 - i. Transfer of resources, services or obligations between a Company and a related party, 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.
 - c. **As per AS 18:**
 - i. Transfer of research and development
 - ii. License agreements
 - iii. Finance (including loans and equity contributions in cash or kind).
 - iv. Guarantees and collaterals
 - v. Management contracts including for deputation of employees.
- l. **“Material Related Party Transaction”** means a transaction with a Related Party if the transaction / transactions to be entered into 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 Company as per the last audited financial statements of the Company, whichever is lower. In case of transaction involving payment to a Related Party for brand usage or royalty, it will be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
- m. **“Industry Standards”** shall mean the Industry Standards on “Minimum Information to be provided for Review of the Audit Committee and Shareholders for Approval of Related party Transaction (RPT)” as notified by SEBI vide its circular dated February 14, 2025.

4. Identification of Related Party Transactions

The Company has formulated guidelines for identification of related party transactions in accordance with Section 188 read with Section 177 of the Act and Regulation 2(1)(zc) of the SEBI Listing Regulations. As per the given definition, the Company shall determine whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company will seek external expert opinion, if necessary.

5. Procedure for Approval of Related Party Transactions

a. Approval of the Audit Committee

i. Prior approval of the Audit Committee shall be required for:

- All Related Party Transactions and subsequent material modifications as defined by the Audit Committee;
- RPTs where subsidiary is a party but the Company is not a party and the transaction amount exceeds the threshold of:
 - 10% of the consolidated turnover of the Company w.e.f. April 1, 2022.
 - 10% of the standalone turnover of the subsidiary w.e.f. April 1, 2023

ii. Prior approval of the Audit Committee shall not be required for:

- Related Party Transactions, where the listed subsidiary is a party, but the Company is not a party, and if Regulation 23 and Regulation 15(2) of SEBI Listing Regulations are applicable to such listed subsidiary;
- Related Party Transactions of unlisted subsidiaries of listed subsidiary of the Company, where the prior approval of the audit committee of the listed subsidiary is obtained;
- transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval;
- transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval;
- remuneration and sitting fees paid by the Company or its subsidiaries to its directors, key managerial personnels or senior management, except who is part of promoter or promoter group, provided that the same is not material in terms of the provisions of Regulation 23 of the Listing Regulations.

Members of the Audit Committee, who are independent directors, shall alone approve Related Party Transactions.

However, the Company may obtain omnibus approval from the Audit Committee for all Related Party Transactions subject to the following points:

- i. The Audit Committee shall consider the repetitiveness of the transactions and justification for the need of omnibus approval.
- ii. The omnibus approval shall provide details of (i) the name/s of the related party and its relationship with the Company or its subsidiary, nature of transaction, period of transaction, maximum aggregated value of the particular type of transaction that can be entered into during the year; (ii) basis of arriving at the indicative base price / current contracted price and the

formula for variation in the price if any, (iii) minimum information about the RPTs as per the provisions of the Industry Standards and (iv) such other conditions as the Audit Committee may deem fit.

Provided that where the need for Related Party Transactions 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.

- iii. The Audit Committee shall review, at least on a quarterly basis, the aggregated value and other details of Related Party Transactions entered into by the Company pursuant to the omnibus approval given.
- iv. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after expiry of one year.
- v. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
- vi. Omnibus approval can be granted by the audit committee for related party transactions of the Company as well as of its subsidiaries.
- vii. Any other conditions as the Audit Committee may deem fit.

b. Approval of the Board of Directors

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business or not at arm's length basis, are placed before the Board for its approval.

In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

- i. Transactions which may be in the ordinary course of business and at arm's length basis, but which are, as per the Policy, determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;
- ii. Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;
- iii. Transactions which are in the ordinary course of business and at arm's length basis, but which as per Audit Committee requires Board approval;
- iv. Transactions meeting the materiality thresholds laid down in the Policy, which are intended to be placed before the shareholders for approval.

c. Approval of the Shareholders

All the transactions with related parties exceeding the materiality thresholds, laid down in the Policy, are placed before the shareholders for approval. For this purpose, none of the related parties of the Company shall vote to approve on such shareholders' resolution irrespective of whether the entity is a related party to the particular transaction or not. (RP's can cast only negative vote to reject the shareholders resolution of material RPT). In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not at Arm's Length or not in the ordinary course of business; and (b) exceed the thresholds laid down in

Companies (Meetings of Board and its Powers) Rules, 2014 are placed before the shareholders for its approval.

However, the requirement of shareholders' prior approval for Material Related Party Transactions shall not be applicable for the following cases:

- i. transactions in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code (IBC) 2016, subject to the event being disclosed to recognized stock exchange within one day of the resolution plan being approved;
- ii. Related Party Transactions, where the listed subsidiary of the Company is a party, but the Company is not a party, and if Regulation 23 and Regulation 15(2) of SEBI Listing Regulations are applicable to such listed subsidiary;
- iii. Related Party Transactions of unlisted subsidiaries of the listed subsidiary of the Company, where the prior approval of the shareholders of the listed subsidiary is obtained;
- iv. transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval; and
- v. transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

6. Related Party Transaction not approved

The members of the Audit Committee, who are independent directors, may ratify the related party transactions within 3 months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier. Ratification is subject to certain conditions as specified in the Listing Regulations.

The failure to seek ratification of the audit committee shall render related party transactions 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 director, the director(s) concerned shall indemnify the Company against any losses incurred.

7. Review of Policy:

This Policy shall be subject to review, if necessary and any changes/amendments in Companies Act, 2013/ Listing Regulations with regard to Transactions with Related Parties shall be deemed to be covered in this policy without any review. Such changes/amendments to this policy shall be approved by the Board of the Company.

Any other term not defined herein shall have the same meaning as defined in the Act, the SEBI Regulations or any other applicable law or regulation, each as amended.
