

## **KSB LIMITED**

### **POLICY ON RELATED PARTY TRANSACTIONS**

#### **1. PREAMBLE**

The Board of Directors (“Board”) of KSB Limited (“Company”) upon the recommendation of the Audit Committee has adopted this Policy on Related Party Transactions which includes policy on materiality of related party transactions and manner of dealing with Related Party Transactions (“Policy”) in compliance with the requirements of Section 188 of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 “SEBI Listing Regulations, 2015” with effect from 22<sup>nd</sup> October, 2014; subsequently amended on 5<sup>th</sup> November, 2020 and 11<sup>th</sup> August, 2022. Amendments to the Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee.

This Policy applies to transactions between the Company and its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material related party transactions.

#### **2. OBJECTIVE**

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and 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.

#### **3. DEFINITIONS**

- 3.1 “Audit Committee or Committee” means the Committee of the Board constituted from time to time under Section 177 of the Companies Act, 2013 and SEBI Listing Regulations, 2015.
- 3.2 “Key Managerial Personnel” means Key Managerial Personnel as defined under Section 2(51) the Companies Act, 2013 and Regulation 2(1) (o) of SEBI Listing Regulations, 2015.
- 3.3 “Material modification” means any modification made in the value/exposure of any ongoing or proposed Related Party Transaction, as originally approved by the Audit Committee, Board and/or shareholders, which has the effect of variation in the approved value of the transaction, by 25% or more or by which the transaction ceases to be in ordinary course and/or on

arm's length basis or such other parameter as may be determined by the Audit Committee from time to time.

Provided that change in the value of RPT on account of following shall not be considered as Material Modification:

- a. Change in the existing RPT due to the reasons beyond the control of the Related Parties
- b. Change due to revision / imposition of statutory levies like taxes, duties etc.

3.4 "Material Related Party Transaction" shall have the meaning as defined in Regulation 23(1) of the SEBI Listing Regulations, 2015.

Notwithstanding the above, 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 the prescribed percent under the SEBI Listing Regulations 2015.

3.5 "Related Party" shall have the meaning as defined under Section 2(76) of the Companies Act, 2013 and Regulation 2(1)(zb) SEBI Listing Regulations, 2015 and as may be amended from time to time.

3.6 "Related Party Transaction" shall have the meaning as defined under Section 188 (1) of the Companies Act, 2013 and Regulation 2(1)(zc) of SEBI Listing Regulations, 2015.

3.7 "Relative" in relation to a Related Party shall have the same meaning as defined under Section 2(77) of the Companies Act, 2013.

3.8 "Transaction" with a related party shall be construed to include a single transaction or a group of transactions.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013 or SEBI Listing Regulations, 2015 or any other applicable Law or regulation.

#### **4. POLICY**

The management represents that the Company shall enter into Related Party Transactions in the ordinary course of business, arm's length basis and in the best interest of the Company.

The Audit Committee shall review and approve all Related Party Transactions based on this policy.

All proposed Related Party Transactions must be reported to the Audit Committee for prior approval by the Committee in accordance with this Policy. In case of frequent/ regular/ repetitive related party transactions which are in the normal course of business of the Company, the Committee may grant standing pre-approval/ omnibus approval, details whereof are given in a separate section of this Policy.

In exceptional cases, where a prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances, the Committee may ratify such related party transactions in accordance with this Policy.

#### **4.1 IDENTIFICATION OF RELATED PARTY TRANSACTIONS**

Every Director and Key Managerial Personnel will be responsible for providing a declaration in the format as per Annexure 1 containing the following information to the Company Secretary on an annual basis:

1. Names of his/ her Relatives;
2. Partnership firms in which he/ she or his/ her Relative is a partner;
3. Private Companies in which he/ she or his/ her Relative is a member or Director;
4. Public Companies in which he/ she is a Director and holds along with his/her Relatives more than two percent of paid up share capital;
5. Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his/ her advice, directions or instructions; and
6. Persons on whose advice, directions or instructions, he/ she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity).

Every Director and Key Managerial Personnel will also be responsible to update the Company Secretary of any changes in the above relationships, directorships, holdings, interests and/ or controls immediately on him/ her becoming aware of such changes.

The Company Secretary shall be responsible to maintain an updated database of information pertaining to Related Parties reflecting details of –

1. All Directors and Key Managerial Personnel;
2. All individuals, partnership firms, companies and other persons as declared and updated by Directors and Key Managerial Personnel;
3. Company's subsidiary and associate companies;
4. Any other entity which is a Related Party as defined under Companies Act, 2013 read with SEBI Listing Regulations, 2015 or the relevant Accounting Standard.

The database shall be updated whenever necessary and shall be

reviewed at least once a year jointly by the Company Secretary and Chief Financial Officer of the Company. The functional/ business heads, Chief Financial Officer and Company Secretary shall have access to the updated database.

Every Director, Key Managerial Personnel, Functional/ Business heads and Chief Financial Officer will be responsible for providing prior Notice to the Company Secretary of any potential Related Party Transaction. They will also be responsible for providing additional information about such transactions that the Board/ Committee may request, for being placed before the Committee and the Board.

The suggested details and list of records and supporting documents which are required to be provided along with the Notice of the proposed related party transaction are provided in Annexure 2 to this Policy.

The Company Secretary in consultation with the Chief Financial Officer may refer any potential related party transaction to any external legal/ transfer pricing expert and the outcome or opinion of such exercise shall be brought to the notice of the Audit Committee. Based on this Notice, the Company Secretary will take it up for necessary approvals under this Policy.

## **4.2 REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION**

All Related Party Transactions shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by circulation or through electronic mode. A member of the Committee who (if) has a potential interest in any Related Party Transaction will not remain present at the meeting or abstain from discussion and voting on such Related Party Transaction and shall not be counted in determining the presence of a quorum when such transaction is considered.

### **4.2.1 CONSIDERATION BY THE COMMITTEE IN APPROVING THE PROPOSED RELATED PARTY TRANSACTIONS**

While considering any related party transaction, the Committee shall take into account all relevant facts and circumstances including the terms of such transaction, the business purpose of such transaction, the benefits to the Company and to the Related Party, and any other relevant matters.

Prior to the approval, the Committee shall, *inter-alia*, consider the following factors to the extent relevant to the related party transaction:

- a. Whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are on an arm's length basis;
- b. The business reasons for the Company to enter into the Related

Party Transaction and the nature of alternative transactions, if any;

- c. Whether the Related Party Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction; and
- d. Whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account size of the transaction, overall financial position of the Director, Key Managerial Personnel or other Related Party, the direct or indirect nature of the Director's interest, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Committee deems relevant.

While considering the arm's length nature of the transaction, the Committee shall take into account facts and circumstances as were applicable at the time of entering into the transaction with the Related Party. The Committee shall take into consideration that subsequent events (i.e., events after the initial transactions have commenced) like evolving business strategies/ short term commercial decisions to improve/ sustain market share, changing market dynamics, local competitive scenario, economic/ regulatory conditions affecting the global/ domestic industry, may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction.

#### **4.2.2 APPROVAL BY CIRCULAR RESOLUTION OF THE COMMITTEE**

In the event the Company Management determines that it is impractical or undesirable to wait until a meeting of the Committee to enter into a Related Party Transaction, such transaction may be approved by the Committee by way of circular resolution in accordance with this Policy and statutory provisions for the time being in force. Any such approval shall be ratified by the Committee at its next scheduled meeting.

#### **4.2.3 APPROVAL BY THE BOARD**

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects 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 at a meeting and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

#### **4.2.4 STANDING PRE-APPROVAL/ OMNIBUS APPROVAL BY THE COMMITTEE**

In the case of frequent/ regular/ repetitive transactions with related parties which are in the normal course of business of the

Company, the Committee may grant standing pre-approval/ omnibus approval. While granting the approval, the Audit Committee shall satisfy itself of the need for the omnibus approval and that the same is in the interest of the Company. The omnibus approval shall specify the following:

- a. Name of the related party;
- b. Nature of the transaction;
- c. Period of the transaction;
- d. Maximum amount of the transactions that shall be entered into;
- e. Indicative base price/ current contracted price and formula for variation in price, if any;
- f. Such other conditions as the Audit Committee may deem fit.

Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction unless the price, value or material terms of the contract or arrangement have been varied/ amended including material modification. Any proposed variations/ amendments including material modification to these factors shall require a prior approval of the Committee.

Further, where the need of the related party transaction cannot be foreseen and all prescribed details are not available, Committee may grant omnibus approval subject to the value per transaction not exceeding INR 1,00,00,000/- (Rupees One Crore only). The details of such transaction shall be reported at the next meeting of the Audit Committee for ratification. Further, the Committee shall on a quarterly basis review and assess such transactions including the limits to ensure that they are in compliance with this Policy. The omnibus approval shall be valid for a period of one year and fresh approval shall be obtained after the expiry of one year.

#### **4.2.5 APPROVAL OF MATERIAL RELATED PARTY TRANSACTIONS**

All Material Related Party Transactions and subsequent material modification shall require prior approval of the shareholders through resolution and the Related Parties shall abstain from voting on such resolution whether or not a related party to the particular transaction.

#### **4.2.6 TRANSACTIONS NOT IN ORDINARY COURSE OF BUSINESS OR NOT AT ARM'S LENGTH**

All Related Party Transactions in excess of the limits prescribed under the Companies Act, 2013 (as set out in the Annexure 3), which are not in the Ordinary Course of Business or not at Arms' Length shall also require prior approval of the shareholders through resolution and the Related Parties shall abstain from voting on such resolution whether or not a related party to the particular transaction.

#### **4.2.7 RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED**

In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Committee or Board or the Shareholders as may be required in accordance with this Policy for review and ratification.

The Committee, Board or Shareholders, as the case may be, shall consider all relevant facts & circumstances respecting such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction and the Company shall take such action as the Committee deems appropriate under the circumstances.

#### **4.3 DISCLOSURE AND REPORTING OF RELATED PARTY TRANSACTIONS**

Every Related Party Transaction entered into by the Company shall be referred to in the Board's report to the shareholders along with justification for entering into such transaction. The Company Secretary and the Chief Financial Officer shall be, responsible for such disclosure. The Company Secretary shall also make necessary entries in the Register of Contracts required to be maintained under the Companies Act, 2013.

- 4.3.1 The Company shall obtain quarterly certification on the compliances pertaining to Related Party Transactions of the Company under the Companies Act, 2013, SEBI Listing Regulations, 2015.

#### **5. SCOPE LIMITATION**

In the event of any conflict between the provisions of this Policy and the SEBI Listing Regulations, 2015/ Companies Act, 2013 or any other statutory enactments, rules, the provisions of such SEBI Listing Regulations, 2015/ Companies Act, 2013 or statutory enactments, rules shall prevail.

#### **6. DISSEMINATION OF POLICY**

Either this Policy or the important provisions of this policy shall be disseminated to all functional and operational employees and other concerned persons of the Company and shall be hosted on the intra-net and website of the Company and web link thereto shall be provided in the annual report of the Company.

## ANNEXURE 1

### NOTICE OF INTEREST BY DIRECTOR / KEY MANAGERIAL PERSONNEL

To,  
The Company Secretary/Compliance Officer  
KSB Limited

Dear Sir/Madam,

A. I, ....., son/daughter/spouse of ....., resident of ....., holding ..... Shares (equity or preference) of Rs. 10/- each (..... percent of the paid-up Capital) in the Company in my name, being a ..... in the Company, hereby give notice that I am interested directly/through my Relatives (Schedule) in the following company or companies, body corporate, firms or other association of individuals:

Sr. No.	Name of the Companies/Bodies Corporate/Firms/ Association of Individuals	Nature of Interest or concern/ Change in Interest or Concern	Shareholding	Date on which Interest or Concern arose/changed

B. The following are the Bodies Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with any advice, directions or instruction:

Sr. No.	Name of the Body Corporate

C. I am accustomed to act on the advice, directions or instructions of the following persons (other than advice, directions or instructions obtained in professional capacity).

Sr. No.	Name of the person	Relation

Signature:  
Name:  
Designation:  
Place:  
Date:



SCHEDULE : LIST OF RELATIVES

Sr. No.	Relationship	Full Name	PAN	No. of shares held in KSB Limited
1	Spouse			
2	Father (including Step-Father)			
3	Mother (including Step-Mother)			
4	Son (including step son)			
5	Daughter			
6	Brother (including Step-Brother)			
7	Sister(including Step-Sister)			
8	Daughter's Husband			
9	Son's Wife			
10	Members of HUF			

## **ANNEXURE 2**

### **INFORMATION TO BE PROVIDED TO THE AUDIT COMMITTEE/ BOARD IN RELATION TO THE PROPOSED RELATED PARTY TRANSACTION (TO THE EXTENT RELEVANT TO THE TRANSACTION)**

1. Name of the Related Party and nature of relationship;
2. Nature and duration of the contract/ transaction and particulars thereof;
3. Material terms of the contract or arrangement or transaction including the value, if any;
4. In case of existing or approved contracts, transactions, details of proposed variations to the duration, current price/ value and/ or material terms of the contract or arrangement including a justification to the proposed variations;
5. Any advance paid/ received or to be paid/ received for the contract or arrangement, if any;
6. Manner of determining the pricing and other commercial terms, whether or not included as part of contract;
7. Copy of the draft MOU, agreement, contract, purchase order or correspondence etc. if any.
8. Applicable statutory provisions, if any;
9. Valuation reports in case of sale or purchase or leasing/ renting of capital assets or securities;
10. Justification as to the arm's length nature of the proposed transaction;
11. Declaration whether the transaction is in the ordinary course of business;
12. Persons/ authority approving the transaction; and
13. Any other information relevant or important for the Committee/ Board to take a decision on the proposed transaction.

**ANNEXURE 3**  
**Thresholds of Related Party Transactions**

<b>Category of Transactions</b>	<b>Threshold as per the Companies Act, 2013</b>
Sale, purchase or supply of any goods or services, directly or through appointment of agent	10% or more of the turnover
Selling or otherwise disposing of, or buying, property of any kind, directly or through appointment of an agent	10% or more of the net worth
Leasing of property of any kind	10% or more of the turnover
Availing or rendering of any services, directly or through appointment of an agent	10% or more of the turnover
Appointment to any office or place of profit in the company, its subsidiary company or associate company	At a monthly remuneration exceeding INR 2.5 lakh
Remuneration for underwriting the subscription of any securities or derivatives thereof, of the company	Exceeding 1% of net worth