

kaveri seed company limited

RELATED PARTY TRANSACTIONS
POLICY





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CIN: L01120TG1986PLC006728

Regd. Office: 513-B, 5th Floor, Minerva Complex, S.D.Road,
Secunderabad - 500003, Telangana.

RELATED PARTY TRANSACTIONS POLICY

I. INTRODUCTION

Kaveri Seed Company Limited (the "Company" or "KSCL") recognizes that Related Party Transactions (as defined below) can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company's and its stockholders' best interests. Therefore, this Related Party Transactions policy ("Policy") regarding the review and approval of Related Party Transactions has been adopted by the Company's Board of Directors in order to set forth the procedures under which certain transactions must be reviewed and approved or ratified.

II. DEFINITIONS

For the purposes of this policy, the following definitions apply:

1. *Definitions under Companies Act, 2013*

A. *Related Party*

As per Section 2(76) of the Companies Act, 2013, Related Party with reference to a Company means:

- (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 or his relative is a member or Director;
- (v) a Public Company in which a Director and Manager is a Director and holds along with his relatives, more than two per cent of its paid-up share capital;
- (vi) any Body 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 on 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 Body Corporate which is:

- (A) a Holding, Subsidiary or an Associate Company of such Company;
- (B) a Subsidiary of a Holding Company to which it is also a subsidiary
- (C) an investing Company or the venture of the Company;

Explanation - For the purpose of this clause, “the investing Company or the venturer of a Company” means a Body Corporate whose investment in the Company would result in the Company becoming an Associate Company of the Body Corporate.

(ix) such other person as may be prescribed.

B. Relative

- **Companies Act, 2013**

As per the Provisions of Section 2(77) of the Companies Act, 2013 “Relative” means anyone who is related to another, if-

- (i) they are members of a Hindu Undivided Family;
- (ii) they are husband and wife; or
- (iii) one person is related to the other in such manner as may be prescribed;

- **Companies (Specification of definitions details) Rules, 2014**

As per Rule 4 of Companies (Specification of definitions details) Rules, 2014, a person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:-

- a) Father
- b) Step-father
- c) Mother
- d) Step-mother
- e) Son
- f) Step-son
- g) Son’s wife
- h) Daughter
- i) Daughter’s husband
- j) Brother
- k) Step-brother
- l) Sister
- m) Step-sister.

C. Holding Company

As per the Provisions of Section 2(46) of the Companies Act, 2013 “Holding Company” in relation to one or more other Companies, means a Company of which such Companies are Subsidiary Companies;

Explanation - For the purposes of this clause, the expression “Company” includes any Body Corporate.

D. Subsidiary Company

As per the Provisions of Section 2(87) of the Companies Act, 2013 “Subsidiary Company” or “Subsidiary” in relation to any other Company (that is to say the Holding Company means a Company in which the Holding Company –

- i) control the composition of the Board of Directors; or
- (ii) exercises or controls more than one-half of the total voting power either at its own or together with one or more of its Subsidiary Companies:

Provided that such class or classes of Holding Companies as may be prescribed shall not have layers of Subsidiaries beyond such numbers as may be prescribed.

Explanation - For the purposes of this clause -

- (a) a Company shall be deemed to be a Subsidiary Company of the Holding Company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another Subsidiary Company of the Holding Company;
- (b) the composition of a Company's Board of Directors shall be deemed to be controlled by another Company if that other Company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the Directors;
- (c) the expression “Company” includes any Body Corporate;
- (d) “Layer” in relation to a Holding Company means its Subsidiary or Subsidiaries;

E. Associate Company

As per the Provisions of Section 2(6) of the Companies Act, 2013 “Associate Company”, in relation to another Company, means a Company in which that other Company has a significant influence, but which is not a Subsidiary Company of the Company having such influence and includes a Joint Venture Company.

Explanation - For the purpose of this clause—

- (a) the expression “Significant Influence” means control of at least twenty percent of total voting power, or control of or participation in business decisions under an agreement.
- (b) the expression “Joint Venture” means a joint arrangement where by the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

2. Definitions under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations)

A. Related Party Transitions

As per Reg. 2(zc) of LODR Regulations, "Related Party Transaction" means a transfer of resources, services or obligations between:

- (i) a listed entity 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
- (ii) a listed entity 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 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 the following shall not be a related party transaction:

- (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) the following corporate actions by the listed entity 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 six months to the stock exchange(s), in the format as specified by the Board: Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognized stock exchange(s).

B. Related Party

As per Reg. 2(zb) of LODR Regulations, "Related Party" means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards.

Provided that:

- (a) any person or entity forming a part of the promoter or promoter group of the listed entity; or
- (b) any person or any entity, holding equity shares:
 - (i) of twenty per cent or more; or
 - (ii) of ten per cent or more, with effect from April 1, 2023; in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year;

shall be deemed to be a related party.”

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognized Stock Exchange(s);

C. *Material Related Party Transactions as defined under the LODR Regulations*

A transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a Financial Year, exceeds Rupees One thousand Crores or ten percent of the annual consolidated turnover of the listed entity as per the last Audited Financial Statements of the listed entity, whichever is lower.

Payments made with respect to Brand Usage or Royalty shall be considered material, if transaction(s) to be entered into individually or taken together with previous transactions during a Financial Year, exceeds 5% of Annual Consolidated Turnover as per latest Audited Financial Statements of the Company.

D. *Material Modification(s)*

If the terms and conditions of the Related Party Transaction(s) already approved by the Audit Committee/Board of Directors is modified beyond 20%, then such modification is considered as material modification, hence, it requires prior approval of Audit Committee/Board of Directors.

3. *Transactions covered under Related Party Transactions*

Following transactions entered with a Related Party are considered as Related Party Transactions as per Companies Act, 2013:

- sale, purchase or supply of any goods or materials;
- selling or otherwise disposing of, or buying, property of any kind;
- leasing of property of any kind;
- availing or rendering of any services;