

**KEMISTAR CORPORATION LIMITED**  
**CIN: L24233GJ1994PLC022845**  
**RELATED PARTY TRANSACTIONS**

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**POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH  
RELATED PARTY TRANSACTIONS**

**1. INTRODUCTION:**

The Companies Act, 2013 (the “Act”), the rules framed thereunder as well as Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), provide a framework for regulating Related Party Transactions.

Kemistar Corporation Limited (“Kemistar” or “Company”) is governed, amongst others, by the rules and regulations framed by Securities and Exchange Board of India (“SEBI”). SEBI has mandated every Listed Company to formulate a policy on materiality of Related Party Transactions (“RPT”) and also on dealing with Related Party Transactions.

**2. DEFINITIONS:**

- (a) “Act” means Companies Act, 2013 including any statutory modification or re-enactment thereof.
- (b) “Company” means Kemistar Corporation Limited;
- (c) “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.
- (d) “Audit Committee” means Committee of Board of Directors of the Company constituted under the applicable laws.
- (e) “Related Party Transaction” means a transaction between the Company and a Related Party which is of the nature specified in sub- clause (a) to (g) of section 188 (1) of the Act, or as defined under SEBI Listing Regulations.
- (f) “Material Related Party Transactions” shall mean:
- Any Transaction with a Related Party shall be considered as material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year exceeds Rs 1000 crore or 10% of the annual consolidated turnover of the Company as per its last audited financial statements, whichever is lower.
  - 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, exceed 5% (five percent) of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.
- (g) “Material modification” shall mean any modification made in the terms and conditions of any Related Party Transactions, which are existing as on the date of adoption of this Policy or entered subsequently as originally approved by the Audit Committee and/ or shareholders, as the case may be, having significant impact on the nature, value, tenure, exposure, or likely financial impact of such transaction, as may be determined by the Audit Committee from time to time;

### **3. AUDIT COMMITTEE:**

- I. All the transactions which are identified as Related Party Transactions and subsequent modifications thereof shall be approved by the Audit Committee in the manner specified under the Listing Regulations. The Audit Committee shall consider all relevant factors while deliberating the Related Party Transactions for its approval.
- II. A Related Party Transaction to which a subsidiary of the Company is a party, but the Company is not a party, shall require prior approval of the Audit Committee if the value of such transaction, whether entered into individually or taken together with previous transactions during a financial year:
  - exceeds 10% of the annual consolidated turnover, as per the last audited financial statements of the Company;
  - with effect from April 1, 2023, exceeds 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary.
- III. All related party transactions and subsequent material modification shall require prior approval of the audit committee.

### **4. RELATED PARTY TRANSACTIONS NOT REQUIRING APPROVAL UNDER THIS POLICY:**

- Transactions that have been approved by the Board under the specific provisions of the Act, e.g., inter-corporate deposits, borrowings, investments, etc. with or in wholly owned subsidiaries whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval;
- Payment of dividend;
- Transactions involving corporate restructuring, such as buy-back of shares, capital reduction, merger, demerger, hive-off, etc. which are approved by the Board and carried out in accordance with specific provisions of the LODR Regulations and the Act;
- Issue of specified securities on a preferential basis, subject to compliance with the requirements under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- Subdivision or consolidation of securities;
- Issuance of securities by way of a rights issue or a bonus issue; and
- Investment in units issued by mutual funds which are listed on a recognized stock exchange(s).

### **5. INFORMATION TO BE REVIEWED BY THE AUDIT COMMITTEE FOR APPROVAL OF RELATED PARTY TRANSACTIONS:**

- I. Type, material terms and particulars of the proposed transaction;
- II. Name of the Related Party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise);
- III. Tenure of the proposed transaction (particular tenure is required to be specified);
- IV. Value of the proposed transaction;
- V. The percentage of the Company's annual consolidated turnover, for the immediately preceding

financial year, that is represented by the value of the proposed transaction. For a Related Party Transaction involving a subsidiary, such percentage is required to be calculated on the basis of the subsidiary's annual turnover on a standalone basis and be provided to Audit Committee;

- VI. If a Related Party Transaction relates to any loans, inter-corporate deposits, advances, or investments made or given by the Company or its subsidiary:
  - A. details of the source of funds in connection with the proposed transaction;
  - B. where any financial indebtedness is incurred to make or give loans, inter\_corporate deposits, advances, or investments:
    - (a) nature of indebtedness;
    - (b) cost of funds; and
    - (c) tenure;
  - C. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security;
  - D. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the Related Party Transaction;
- VII. Justification as to why the Related Party Transaction is in the interest of Company;
- VIII. A copy of the valuation or other external party report, if any such report has been relied upon;
- IX. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed Related Party Transaction on a voluntary basis; and
- X. Any other information that may be relevant.

**6. INFORMATION TO BE PROVIDED TO SHAREHOLDERS OF THE COMPANY FOR CONSIDERATION OR APPROVAL OF RELATED PARTY TRANSACTIONS:**

The notice being sent to the shareholders seeking approval for any proposed Related Party Transaction shall, in addition to the requirements set out under the Act, include the following information as a part of the explanatory statement:

- a) A summary of the information provided by the management of the Company to the Audit Committee;
- b) Justification for why the proposed transaction is in the interest of the Company;
- c) Where the transaction relates to any loans, inter-corporate deposits, advances, or investments made or given by the Company or its subsidiary, the following details shall be specified under point 5 (VI) above;
- d) A statement that the valuation report or other external report, if any, relied upon by the Company in relation to the proposed Related Party Transaction will be made available through the registered email address of the shareholders;
- e) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed Related Party Transaction, on a voluntary basis; and
- f) Any other information that may be relevant.

**7. AMENDMENT:**

Any subsequent amendment / modification in the LODR Regulations, the Act and / or applicable laws in this regard shall automatically apply to this Policy and in case of a provision rendering this Policy inconsistent with the provisions of the Act or the LODR Regulations, the Act / the Regulations will prevail over the Policy. The Company shall update the same on its website.