



Policy on Materiality of Related  
Party Transactions  
of  
Kaarya Facilities And Services Limited

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## 1. SCOPE AND PURPOSE OF THE POLICY

Pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Regulations”), the Board of Directors of the Kaarya Facilities And Services Limited (“the Company”) has adopted Policy on Materiality of Related Party Transactions (“RPT Policy”).

The objective of this policy is to set out criteria for dealing with the transactions between the Company and its related parties based on the Act, rules made thereunder, the Regulations and any other laws as may be applicable from time to time to the Company.

The Company is committed to transparency and fairness in dealing with all Related Parties and in ensuring adherence to all applicable laws and regulations, as may be amended from time to time.

## 2. DEFINITIONS

- a. Act means the Companies Act, 2013 including the rules, schedules, clarifications and guidelines issued by the Ministry of Corporate Affairs from time to time.
- b. Rules means Companies (Meetings of Board and its Powers) Rules, 2014 including any modifications or amendments thereof).
- 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 question of conflict of interest.
- d. Related party transaction means a transfer of resources, services or obligations between the 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.
- e. Material Related Party Transaction shall mean a transaction with a related party to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
- f. Related Party will have the same meaning as defined under Section 2(76) the Act.
- g. Key Managerial Personnel will have the same meaning as defined under Section 2(51) of the Act.
- h. Audit Committee means the Audit Committee Constituted by the Board of Directors of the Company in accordance with Section 177 of the Act and Regulation 18 of the Regulations.

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- i. Transactions in “ordinary course of business” shall mean and include transactions which are
  - entered in the normal and usual course of business and are identical to the business of the company.
  - reasonable in the context of the business of the company.
  - part of the standard industry practice.

Any other term not defined herein, shall have meaning respectively assigned to them under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Securities Contract Regulation Act and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made /issued thereunder, as amended from time to time or any other applicable law(s) or regulation(s).

### 3. MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

#### **Identification of Related Parties**

Based on declarations / disclosures received from the Directors / KMPs, from time to time, the list of Related Parties shall be identified.

#### **Identification of Related Party Transactions**

In the event that a proposed transaction is to be entered into with any of the parties identified as a Related Party in the list of the Related Parties, the proposed transaction shall be considered as a Related Party Transaction. For determining, whether the transaction is in the ordinary course of business and at arm’s length basis, for this purpose, the Company may seek external professional opinion, if required necessary.

### 4. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

#### **Approval of the Audit Committee**

All related party transactions require prior approval of the Audit Committee. However, the Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:

- The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy and such approval shall be applicable in respect of transactions which are in repetitive nature;
- The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- The omnibus approval shall provide details of (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.

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- However, in case of related party transactions which cannot be foreseen and where the above details are not available, the Audit Committee may grant omnibus approval provided the value does not exceed Rs. 1 crore per transaction;
- The Audit Committee shall review at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approval given;
- Such omnibus approval shall be valid for 1 year and shall require fresh approval after expiry of one year.

While assessing a proposal put up before the Audit Committee / Board for approval, the Audit Committee / Board may review the following documents / seek inter alia the following information from the management:

- a) The name of the Related Party and nature of relationship;
- b) The nature, duration of the contract and particulars of the contract or arrangement;
- c) The material terms of the contract or arrangement including the value, if any;
- d) Any advance paid or received for the contract or arrangement, if any;
- e) The manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- f) Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
- g) Any other information relevant or important to take a decision on the proposed transaction.

### **Approval of the Board of Directors of the Company**

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.

### **Approval of Shareholders of the Company**

All material related party transactions shall require approval of the shareholders through resolution and the related parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not.

In addition to the above, all kinds of transactions specified under Section 188 of the Act which are not in the ordinary course of business or not at arm's length basis and laid down in the Companies (Meetings of Board and its Powers) Rules, 2014 are placed before the shareholders for its approval.

While Regulation 23 of the Listing Regulations provides that the requirement for seeking approval of shareholders and Audit Committee shall not be applicable to the transactions between the Company and its wholly owned subsidiary/ies whose accounts are consolidated with the Company.

**5. DISCLOSURES**

The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or arm's length basis along with justification for entering into such transaction.

**6. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY**

In the event, any Transaction has been undertaken/ is being undertaken with a Related Party without obtaining requisite approval under this RPT policy, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all the relevant facts and circumstances regarding the related party transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the related party transaction. The Audit Committee shall keep the Board apprised of any instances of such transactions entered into with any related party in contravention of this RPT policy and recommend to Board for its approval.

**7. REVIEW OF THE POLICY**

This Policy may be amended by the Board from time to time to be in line with any amendments made to the Listing Regulations, the Act and such other guidelines issued by SEBI.

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