

KDDL-RELATED PARTY TRANSACTIONS POLICY

1. Introduction

This Policy is framed by the Company pursuant to Clause 49 (VII) of the Listing Agreement which came into effect from 1st October 2014. This policy applies to transactions entered into with a Related Party on or after 1st October, 2014 or any modifications effected on or after 1st October, 2014 to subsisting transactions with Related Parties.

2. Definitions

- (a) “Act” means Companies Act, 2013 including any statutory modifications or re-enactment thereof;
- (b) “Board” means Board of Directors of the Company;
- (c) “Related Party” with reference to the company, means an entity where:
 - a. Such entity is a related party as defined under section 2(76) of the Companies Act, 2013; or
 - b. Such entity is a related party under the applicable accounting standards.
- (d) “Related Party Transaction” means a transaction between the company and a Related Party which transaction is of the nature specified in sub-section clause (a) to (g) of section 188(1) of the Companies Act, 2013, or is a related party transaction as understood under Clause 49 (VII)(a) of the Listing Agreement.

3. Transactions between Company & Related Parties and Materiality Threshold

Transactions between the Company and Related Parties shall be entered into the manner that is compliant with the applicable provisions of the Companies Act, 2013 and of Clause 49(VII) of the Listing Agreement.

Materiality Threshold

A transaction with the Related Party shall be treated as “Material” if any transaction / transactions to be entered into individually or taken together with previous transactions during a financial year exceed 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

Omnibus Approval by Audit Committee

Audit Committee may grant omnibus approval for related party transactions proposed to be entered into by the Company subject to conditions that:

- These transactions are repetitive in nature;
- Audit committee shall satisfy the need for such omnibus approval and that such approval is in the interest of the Company;
- Omnibus approval shall specify (i) name 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 committee may deem fit;
- It will be valid for a period not exceeding one year.

Provided that where the need for Related Party transaction 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.

4. Internal Processes in regard to Related Party Transactions

The Company shall, with the approval of the Board of Directors, establish appropriate internal processes for the purpose of identification of Related Parties and any transactions with them, determination of whether the transaction (s) is in ordinary course of business, whether the transaction (s) is on arm's length basis, monitoring "Materiality" threshold and other relevant matters to ensure adherence to this policy in entering into transactions with Related Parties.

5. Amendment

The Board reserves its right to amend or modify this policy in whole or in part at any time without assigning any reason whatsoever. However, no such amendment or modification shall be inconsistent with the applicable provisions of the Listing Agreement, Act or any law for the time being in force.

Grant of Omnibus Approval

The business operations of the Company many times require the transfer of resources, services or obligations between related parties and because of the exigency of matter, prior approval from Audit Committee is not possible in all cases. However, in order to comply with the requirements of Listing Agreement and Companies Act, Omnibus approval of Audit Committee for the maximum value of per transaction of Rs. 1 Crore in the financial year for following type of transactions between the related parties may be required:

1. Sale / Purchase or supply of any Goods or services;
2. Leasing / Sharing of the property / assets or resources of any kind;
3. Availing or rendering of any services

The omnibus approval will not apply to any transactions entered into by the Company in its ordinary course of business other than the transactions which are not on arm's length basis.

All transactions under omnibus approval to be executed on Arm's length basis and proper justification and documentation to be maintained.

Reporting Mechanism

Every Quarter, company will share with the Audit Committee the details of the related party transactions whether covered under Specific Approval or Omnibus Approval. Transactions executed with Special resolution of the shareholders to be reported separately.

Related Parties Covered under Omnibus Approval

1. Subsidiary Companies : Pylania SA, Ethos Limited, Mahen Distribution Limited, Kamla International Holdings SA
2. Joint Venture Company : Satva Jewellery and Design Ltd
3. Associate Company : Kamla Tesio and Dials Limited
4. Entities over which significant influence is exercised by the Company / Key Managerial Personnel.