

 KAMA Holdings	<u>POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS</u>	Date of issue : August 11, 2014 Effective Date: Immediate
--	---	--

Legislative background

As from 1st October, 2014, clause 49 of the Listing Agreement requires that every listed company shall formulate a policy on dealing with related party transactions.

Definitions

Company means KAMA Holdings Limited

Policy on materiality of related party transactions means the policy adopted by the Board of Directors at its meeting held on 11th August, 2014.

Policy on material subsidiary company means the policy adopted by the Board of Directors at its meeting held on 11th August, 2014.

Related Party

A 'related party' is a person or entity that is related to the company. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, directly or indirectly, in making financial and/or operating decisions and includes the following:

1. A person or a close member of that person's family is related to a company if that person:
 - a. is a related party under Section 2(76) of the Companies Act, 2013; or
 - b. has control or joint control or significant influence over the company; or
 - c. is a key management personnel of the company or of a parent of the company; or
2. An entity is related to a company if any of the following conditions applies:
 - a. The entity is a related party under Section 2(76) of the Companies Act, 2013; or
 - b. The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); or
 - c. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); or
 - d. Both entities are joint ventures of the same third party; or
 - e. One entity is a joint venture of a third entity and the other entity is an associate of the third entity; or
 - f. The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company. If the company is itself such a plan, the sponsoring employers are also related to the company; or

- g. The entity is controlled or jointly controlled by a person identified in (1).
- h. A person identified in (1)(b) has significant influence over the entity (or of a parent of the entity); or

Related Party Transaction is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

Subsidiary means a subsidiary as defined under Section 2(87) of the Companies Act, 2013.

Compliance with Listing Agreement and Companies Act, 2013

The Company shall ensure compliance with the relevant provisions of the Listing Agreement and Companies Act, 2013 governing related party transactions, in the following manner:

- a) Generally, all related party transaction shall be in ordinary course of business and at arms length basis.
- b) Related party transactions with Promoters, Directors and KMPs shall be placed before the Audit Committee for prior approval and thereafter before the Board and shareholders, if required.
- c) Related party transactions with the subsidiaries / associates shall be dealt with in accordance with the transfer pricing policy approved by the Audit Committee. Recurring and regular business transactions which are carried in accordance with the TP policy shall not require specific approval of the audit committee.
- d) Material related party transactions as defined in policy on material related party transactions drawn in accordance with the listing agreement shall be approved by the shareholders through special resolution.

A statement of all related party transactions during a quarter under various categories shall be placed before the audit committee.