

POLICY FOR TRANSACTIONS WITH RELATED PARTIES

1. OBJECTIVE

The Board of Directors (the "Board") of Kovalam Investment and Trading Company Limited (the "Company" or "KITCL"), has adopted the Policy on Related Party Transactions as required in terms of Section 188 of the Companies Act, 2013 and rules framed thereunder (the Act) and clause of Listing Obligations and Disclosures Requirement(LODR).

This Policy shall regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable to the Company and also lay down mechanism for identification, approval & ratification, review and reporting of such transactions.

The Policy on Related Party Transactions may be amended at any time and is subject to any further change in the Listing Agreement or the Companies Act, 2013 or rules/regulations made thereunder.

2. DEFINITIONS

"Audit Committee (Committee)" means the Committee of Board of Directors of the Company constituted under provisions of the Listing Agreement as well as the Companies Act, 2013.

"Board" means Board of Directors of the Company.

"Key Managerial Personnel" mean Key Managerial Personnel as defined under Section 2 (51) of the Companies Act, 2013.

"Material Related Party Transaction under Companies Act 2013" means a transaction as defined under section 188 (1) of the Companies Act, 2013 with a Related Party defined under section 2 (76) of the Act where the aggregate value of the transaction / transactions to be entered into individually or taken together with previous transaction(s) during a financial year, exceeds the limits as prescribed under the Act from time to time.

"Material Related Party Transaction under Listing Agreement" means a transaction covered under clauses of Listing Obligations and Disclosures Requirement(LODR).with a Related Party where the aggregate value of such transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds the limits as prescribed thereunder.

"Policy" means this Policy on Related Party Transactions.

"Related Party" for the purpose of Listing Obligations and Disclosures Requirement(LODR).

an entity shall be considered as Related Party to the company if:

Such entity is a Related Party under section 2(76) of the Companies Act, 2013; or

Such entity is a Related Party under the applicable accounting standards."

"Related Party Transaction (RPT)" means any transaction involving transfer of resources, services or obligations between a company and a Related Party, regardless of whether a price is charged and transactions as specified under the Act and Rules made thereunder.

"Relative" means Relative as defined under section 2(77) of the Companies Act, 2013.

"Arms 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.

3. POLICY

All Related Party Transactions must be identified and reported to the Audit Committee and also to Directors and Shareholders, wherever necessary, for their approval. The said transactions shall be disclosed in accordance with the requirements of the Companies Act, 2013 and the Listing Agreement.

4. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

Each Director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential related party transaction. Board/ Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

5. PROCEDURE TO BE ADOPTED FOR RELATED PARTY TRANSACTIONS

A. Approval of Audit Committee

- The Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the company.
- The Audit Committee may grant omnibus approval for RPTs proposed to be entered into by the company and such approval shall be applicable in respect of transactions which are repetitive in nature and is in the interest of the company;
- The Audit Committee shall have the authority to approve in advance categories of RPTs that need not be individually reported to, reviewed by, and/or approved or ratified by the Audit Committee but may instead be reported to and reviewed by the Audit Committee collectively on a quarterly basis.

B. Approval of Board of Directors

All the material Related Party Transactions shall be approved by the Board of Directors of the Company; however this provision will not apply to the transactions entered into by the company in its ordinary course of business which are on an Arm's Length basis.

C. Approval of Shareholders

All the Material Related Party Transactions under section 188 of the Companies Act and as prescribed under Listing Agreement shall be approved by the Shareholders through a Resolution as prescribed thereunder.

6. FACTORS TO BE CONSIDERED WHILE GRANTING APPROVAL TO RELATED PARTY TRANSACTIONS

The Audit Committee/ Board shall consider the following factors, among others, to the extent relevant to the Related Party Transactions while granting its approval:

- Whether the terms of the Related Party Transaction are fair and on Arms Length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- Whether the Related Party Transaction would affect the independence of an Independent Director;
- Whether the Related Party Transaction would present an improper conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the terms and size of the transaction, the purpose and timing of the transaction.

7. REVIEW & MONITORING OF RELATED PARTY TRANSACTIONS:

The Audit Committee may review and monitor a Related Party Transaction on quarterly basis taking into account the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

8. FOLLOWING TRANSACTIONS NOT TO BE CONSIDERED AS RELATED PARTY TRANSACTIONS:

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee or Shareholders:

- Any transaction that involve to provide compensation to a Director or Key Managerial Personnel in connection with his/ her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits as received by the other non- related Party.

9. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

A Related Party Transaction entered into without pre-approval of the Committee shall not be deemed to violate this Policy, or be invalid or unenforceable. In such event the Audit Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification by it or recommend the Board for their ratification or seeking approval of Shareholders, revision or termination of that Related Party Transaction.

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10.EXISTING RELATED PARTY TRANSACTIONS

The policy will be implemented by the management of the Company from the date it is approved by the Board. All RPT entered prior to the date of approval of this Policy shall be subject to review by the Audit Committee.

11.DISCLOSURES

This Policy will be communicated to all Directors, KMPs and other concerned persons of the Company.

The Company is required to disclose in its Annual Financial Statements and Directors Report, certain transactions between the Company and Related Parties as well as policy relating thereto. The Related Party Transaction Policy shall be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report.

12.AMENDMENT IN LAW

Any subsequent amendment/ modification in the Listing Agreement and/ or other applicable laws in this regard shall be applicable to this Policy.