

KOHIMA-MARIANI TRANSMISSION LIMITED

POLICY ON MATERIALITY OF AND DEALING WITH RELATED PARTY TRANSACTIONS

➤ **/INTRODUCTION**

Kohima-Mariani Transmission Limited (“**KMTL**” or the “**Company**”) has framed this Materiality of and Dealing with Related Party Transactions (“**RPT**”) Policy (the “**Policy**”) for governing and regulating related party transactions.

➤ **PURPOSE**

- To regulate transactions between the Company and its Related Parties with a view to ensure that such transactions are executed on an arm’s length basis and in a transparent manner.
- To seek necessary approvals of the Audit Committee (the “**ACM**”) / Board of Directors (the “**Board**”) / Shareholders, as may be necessary, after providing necessary information to them in the prescribed manner.
- To outline the procedures for identification (including setting of materiality thresholds) for related, review, approval, disclosure and reporting of such transactions.

➤ **POLICY FRAMEWORK**

All RPTs must be referred to the ACM for prior approval, irrespective of its materiality. The ACM shall also approve any subsequent modification in the RPTs.

The ACM shall, *inter alia*, consider the following while approving an RPT:

- a) Nature of relationship with the related party;
- b) Nature, material terms, monetary values and particulars of the contract or arrangement;
- c) Method and manner of determining the pricing and other commercial terms;
- d) Whether the transaction is at arms’ length; and
- e) Any other information relevant or important for the ACM and/or the Board to take a decision on the proposed RPT.

For the purpose of this Policy, all terms not defined herein, shall have the same meaning as ascribed to them under the Companies Act 2013 and rules made thereunder:

➤ **APPROVAL MECHANISM**

<u>Audit Committee</u>	<u>Board of Directors</u>	<u>Shareholders</u>
• All transactions with related parties (including subsequent material modifications), irrespective of whether they are in the ordinary course of business or at an arms’ length basis will	• Generally, all RPTs would be in the ordinary course of business and at arms’ length price. • RPTs which are not at arms’ length and which are not in the ordinary course of business would	• All Material RPTs (including subsequent material modifications) would require prior approval of the shareholders, based on recommendation of the Board.

<u>Audit Committee</u>	<u>Board of Directors</u>	<u>Shareholders</u>
require prior approval of the ACM. • Provided that only those members of the Audit Committee, who are independent directors, shall approve RPTs.	have to be approved by the Board. • Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.	• Where any contract or arrangement is entered into by a director or any other employee without obtaining the consent of the Board or approval by an ordinary resolution in the general meeting, it has to be ratified by the Board or by the shareholders at a meeting, as the case may be, within three months from the date on which such contract or arrangement was entered into. • The related parties shall not vote to approve on such resolutions whether the entity is a related party to the particular transaction or not.

While considering the aforesaid, due regard to be given to the information to be placed before the ACM and the shareholders for consideration of RPTs, as prescribed in the relevant notifications, issued by the Ministry of Corporate Affairs in this regard, from time to time.

Material Modification shall mean a modification amounting to 1% of the annual turnover of the Company, as per its latest audited financial statements, which criteria may be reviewed from time to time.

- **Omnibus Approval**

Subject to fulfilment of the following conditions, the ACM may grant an omnibus approval for RPTs proposed to be entered into by the Company:

- a) The ACM shall lay down the criteria for granting the omnibus approval and such approval shall be applicable in respect of transactions which are repetitive in nature.
- b) The ACM shall satisfy itself about the need for such omnibus approval and that such approval is in the interest of the Company.
- c) The Omnibus approval shall specify, *inter alia*:

(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;

Provided that where the need for RPTs cannot be foreseen and aforesaid details are not available, the ACM may grant omnibus approval for such transactions with such value, as may be approved by the ACM, from time to time.

- d) The Omnibus approval shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- e) The ACM shall review on a half-yearly basis, the details of RPT entered into by the Company pursuant to each of the omnibus approval so accorded.

➤ **RELATED PARTY TRANSACTIONS WHICH SHALL NOT REQUIRE APPROVAL**

Following RPTs shall not require any separate approval under this Policy:

- (a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (b) corporate actions uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - i. payment of dividend;
 - ii. subdivision or consolidation of securities;
 - iii. issuance of securities by way of a rights issue or a bonus issue; and
 - iv. buy-back of securities.

➤ **DISCLOSURE**

Appropriate disclosures as required under the Act will be made in the Financial Statements, Boards' Report and such other places as may be specified under law.

For purpose of reporting related party transactions and / or transactions with related parties in the Boards' Report or in any other statutory disclosures, the materiality threshold shall be 1% of the annual turnover of the Company, as per its latest audited financial statements, which criteria may be reviewed from time to time.

➤ **REVIEWS / AMENDMENTS TO THE POLICY**

The Board and / or the Audit Committee shall review this policy periodically, at least once in three years, to ensure that it is aligned with the changes in the legal as well as the business environment.

Version	Date of Approval	Approving Authority	Effective Date	Next Review Due Date
1	08 December 2022	Board of Directors	08 December 2022	--