

POLICY ON RELATED PARTY TRANSACTIONS



Version	Approved by	Approved On	Effective From
Version 1.0	Board of Directors	May 13, 2021	May 13, 2021
Version 2.0	Board of Directors	January 31, 2024	January 31, 2024
Version 3.0	Board of Directors	February 12, 2025	February 12, 2025

POLICY ON RELATED PARTY TRANSACTIONS

1. INTRODUCTION

The Board of Directors ("**Board**") of Krsnaa Diagnostics Limited ("**Company**") has adopted this Policy ("**Policy**") upon the recommendation of the Audit Committee and the said Policy includes materiality threshold of Related Party Transactions and guidelines for dealing with Related Party Transactions.

This Policy has been formulated in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("**Regulations**") read with the provisions of Section 177 and 188 of the Companies Act, 2013 ("**Act**") & relevant rules made thereunder as amended from time to time to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable to the Company.

2. PURPOSE

The Company has adopted this Policy on Related Party Transactions ("**policy**"), as required by the provisions of Section 188 of the Companies Act, 2013 (the "Act") and the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. The purpose of this policy is to establish and govern the procedure applicable to related party transactions covered within the ambit of the Act and Regulations as amended from time to time.

The purpose of this Policy is to establish and govern the procedure applicable to related party transactions covered within the ambit of the Act and the Listing Regulations as amended from time to time. Regulation 23 of the said Regulations requires the Company to formulate a policy on materiality of related party transactions and on dealing with related party transactions including clear threshold limits duly approved by the board of directors. The Company has framed this Policy on Related Party Transactions.

3. OBJECTIVE OF THE POLICY

This policy is framed based on Regulation 23 of the SEBI Listing Regulations and the provisions of the Companies Act, 2013 and intends to govern the transactions between the Company and its Related Parties. The Policy also sets out the process for identification of Related Parties, procedure for entering into Related Party Transactions, approval at various levels, disclosures and reporting obligations, criteria and procedure for approving Related Party Transactions, etc.

Thus the objectives of this Policy is to set out:

- a) Materiality thresholds for Related Party Transactions; and

b) The manner of dealing with the transactions between the Company and its Related Parties.

4. DEFINITIONS

"**Accounting Standards**" means accounting standards notified under Section 133 of the Companies Act, 2013.

"**Act**" means the Companies Act, 2013;

"**Audit Committee**" means a committee of the Board of Directors constituted as per the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and the Companies Act, 2013.

"**Board of Directors**" or "**the Board**" means the Board of Directors of Krsnaa Diagnostics Limited, as constituted from time to time.

"**Company**" shall mean Krsnaa Diagnostics Limited.

"**Control**" shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

"**Group**" includes all the entities which are included in the consolidated financial statements of the Company.

"**Key Management Personnel**" or "**KMP**" means a person who is a KMP, as defined in subsection (51) of section 2 of the Act or KMP within the meaning of the Indian Accounting Standard (Ind AS) 24.

"**Material Modification to RPTs and Material RPTs**" means any modification related to change in price, tenure, delivery schedule, non-statutory obligations, terms and conditions or short closure of any contract or arrangement with related party.

Material Modification to RPTs and Material RPTs" means any modification related to change in price, tenure, delivery schedule, non-statutory obligations, terms and conditions or short closure of any contract or arrangement with related party impact 20% or more of contract value or the term or more of the limits as may be sanctioned by the audit committee from time to time.

"Material transaction" means

- (a) 5% of the annual consolidated turnover of the Company as per its last audited financial statements, in case of transactions involving payments made with respect to brand usage or royalty, or
- (b) Such other transaction where the transaction(s) to be entered into individually or taken together with previous transaction(s) during a financial year exceeds Rs. 1,000 crores or 10% of the annual consolidated turnover of the Company, as per the last audited financial statements of the Company, whichever is lower;

"Related Party" or (RP') means a related party as defined under the Act or rules made thereunder and SEBI Regulations including any amendment or modification thereof, as may be applicable.

"Related Party Transaction" or ("RPT"). means such transactions as specified under Section 188 of the Act or rules made thereunder and Regulation 2(zc) & 23 of SEBI Regulations including any amendment or modification thereof, as may be applicable.

"Relative" means a relative as defined under the Act.

Words and expressions used and not defined in this Policy shall have the meaning as described in the SEBI Listing Regulations, the Securities and Exchange Board of India Act, 1992, as amended, the Securities Contracts (Regulation) Act, 1956, as amended, the Depositories Act, 1996, as amended, or the Companies Act, 2013 and rules and regulations made thereunder.

5. Related party framework

i. Identification of Related Party and RPT Transactions

- a) The Company shall maintain the list of related parties and shall update the same based on declarations received from the Directors/KMP's further based on other data maintained by the Company, in accordance with the provisions of the Act and the Listing Regulations.
- b) Furthermore, every Director and KMP of the Company and its subsidiaries shall:
 - i. at the time of appointment;
 - ii. annually; and
 - iii. whenever there is any change in the information already submitted.

provide requisite information about his / her Relatives and all firms, entities, body corporates, in which such Director or KMP is interested, whether directly or indirectly, to the Company Secretary of the Company or the subsidiary (as the case may be). Every such director and KMP shall also provide any additional information about the transaction that the Board /Audit Committee may reasonably request.

- c) Directors/KMP shall give notification of his/her interest or change in interest within 7 days of the relevant event. At the beginning of each quarter, the Company Secretary of the Company shall provide the details of related parties as per records maintained by the Company to the head of departments of the Company as well as to the Audit Committee along with changes since the last Audit Committee. The Company Secretary should also self-declare his interest or any change in interest to the Company and the Audit Committee.

ii. 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 Related Parties, the proposed transaction shall be considered as a Related Party Transaction.

The relevant Head of department of the Company will report the proposed transaction to the Finance Team and then he will report to the Corporate Secretarial department of the Company to obtain prior approval from Audit Committee. The Corporate Secretarial Department, in coordination with various department heads, shall then maintain the updated list of related party transactions.

The subsidiaries of the Company shall be required to provide to the Company, on a half-yearly basis, information regarding the transactions entered into with any of the Related Parties of the Company, or with any of its subsidiaries, for making required disclosures to the stock exchanges.

iii. Approvals required for Transaction(s) with Related Party(s):

- A. Related Party(s) transactions and any subsequent modifications in the ordinary course of business and on arms-length basis:
- All Related Party(s) transactions and any subsequent material modifications thereto in the ordinary course of business and at arm's length shall be subject to the prior approval of the Audit Committee and within the threshold limits. Further, any subsequent modification to any terms of conditions of the transactions with related parties shall require approval of the Audit Committee. Only Independent Directors who are members of the Audit Committee shall approve Related Party Transactions.
 - Related Party Transaction to which the subsidiary of the Company is a party, but the Company is not a party, shall require prior approval of the Audit Committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

The approval of the Board of the Company shall not be required for the transactions entered into between the Company and its wholly owned subsidiary or between two wholly owned

subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

It is further clarified that following transactions shall not require approval of the Audit Committee:

- a) Transactions that have been approved by the Board as per other specific provisions of the Act e.g., merger or amalgamation, investment, loans, guarantee or providing of security in connection with any loan, etc. to its wholly owned subsidiaries.
- b) Transactions involving corporate restructuring, mergers, demergers, etc. wherein the Board has approved such transactions and restructuring is subject to approval of Tribunals / Courts of competent jurisdiction.

- The Company shall not enter into any transaction with a Related Party beyond the Threshold Limits, without the prior approval of the Board. The Board may approve the Threshold Limits of any transaction not defined or mentioned in this Policy. The Board shall review the Threshold Limits at least once in every three years and make changes as and when necessary.
- The Audit Committee may grant omnibus approval for Related Party Transactions within the overall Threshold Limits, proposed to be entered into by the Company and such approval shall be subject to the following:
 - I. The Audit Committee shall lay down the criteria for granting omnibus approval in line with this Policy, for Related Party Transactions which are repetitive in nature.
 - II. The Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company;
 - III. the omnibus approval shall specify:
 - the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into;
 - the indicative base price / current contracted price and the formula for variation in the price if any; and
 - such other conditions as the Audit Committee may deem fit.

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 related party during a financial year.

The Audit Committee shall review on a quarterly basis, the details of the Related Party Transactions entered into by the Company pursuant to the omnibus approvals given. The omnibus approvals by the Audit Committee shall be valid for a period of not exceeding one year and shall require fresh approvals after the expiry of one year.

Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

- B. Transactions with Related Party(s) not in the ordinary course of business and/or on arms-length basis:

Transaction(s) with Related Party(s) not in the ordinary course of business and/or not at arm's length shall require prior approval of the Audit Committee as well as the Board and in accordance with the provisions of Section 188 of the Act, SEBI LODR and other applicable laws.

Transaction(s) crossing the limits set out Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, as may be amended from time to time, shall require prior approval of the shareholders of the Company in accordance with the procedure set out in Section 188 of the Act. For the purpose of such transaction(s), the limits shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

- C. Material Transactions with Related Party(s):

Material Transaction(s) with Related Party(s) and any subsequent material modification shall require prior approval of the Audit Committee, Board, and the shareholders of the Company.

In compliance with the SEBI LODR, approval of the shareholders through resolution shall be taken for all such Material Transactions with Related Party(s) and such Related Party(s), irrespective of whether the entity is a party to a particular transaction or not, shall not vote to approve such resolutions.

- iv. Information to be provided at the time of seeking approval of the Audit Committee and/or Board, and the Shareholders of the Company, as the case may be:

The following information should be provided to the Audit Committee and/or Board, as the case may be, where approval for entering into Transactions with Related Party(s) are sought:

- a) Type, material terms and particulars of the proposed transaction;
- b) Name of the related party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise);
- c) Tenure of the proposed transaction (particular tenure shall be specified);
- d) Value of the proposed transaction;
- e) The percentage of the company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- f) If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary:
 - details of the source of funds in connection with the proposed transaction;

- where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
 - nature of indebtedness;
 - cost of funds; and
 - tenure;
 - applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- g) Justification as to why the RPT is in the interest of the Company;
- h) A copy of the valuation or other external party report, if any such report has been relied upon;
- i) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- j) The manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- k) 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
- l) Any other information relevant or important to take a decision on the proposed transaction.

The Audit Committee and/or Board may call for such additional information as may be required for granting approval to such transactions.

The notice being sent to the shareholders seeking approval for any proposed RPT shall, in addition to the requirements under the Act, include the following information as a part of the explanatory statement:

- A summary of the information provided by the management of the Company to the Audit Committee as specified above;
- Justification for why the proposed transaction is in the interest of the Company;
- Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary, the details specified under point (f) above;
- A statement that the valuation or other external report, if any, relied upon by the Company in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis; and
- Any other information that may be relevant.

v. Review of Related Party Transactions:

The Management shall lay down an appropriate framework including the pricing mechanism to ensure arm's length pricing for dealing with the Related Party(s). The Management shall institute appropriate administrative mechanism to ensure that all Related Party Transactions are in compliance and reviewed in accordance with these policies and procedures including maintenance of proper records in this regard.

All the transactions with Related Parties shall be referred to the Audit Committee for review at its scheduled quarterly meetings or as may be called upon by the Audit Committee from time to time along with all relevant information of such transaction(s).

The Audit Committee may refer any of the Related Party Transactions brought before it or it being mandatory under any law, for approval of the Board. The Board may on its own accord also decide to review any Related Party Transaction.

The Audit Committee may seek advice of external consultants and experts on determining whether a particular transaction which is being considered by the Audit Committee would be regarded on an arms' length basis or otherwise.

Further, the Statutory Auditors of the Company shall review the material related party transactions of the Company to be in compliance with the applicable provisions of the Act & SEBI LODR as per the auditing and reporting requirements and confirm it to the Audit Committee.

6. RELATED PARTY TRANSACTION 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 Policy, such transactions should be immediately reported to the Company Secretary. Such transactions shall be reviewed by the Audit Committee in the next meeting. The Audit Committee shall be provided with all the relevant facts and circumstances for entering into such transaction with a related party. Based on the information provided, the Audit Committee shall evaluate and take such necessary steps, as it may deem fit, including ratification, termination or revision of any terms 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 Policy and recommend to Board for its consideration and approval.

7. AMENDMENTS

The Company is dedicated to regularly assess and update its policies and procedures. Consequently, this policy may be amended from time to time subject to Board approval and in compliance with applicable laws and regulations. This policy and any further modifications/ amendments to the same shall be promptly disclosed on the Company's website and filed in accordance with the applicable laws and regulations.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc., shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the Effective Date as laid down under such amendment(s), clarification(s), circular(s) etc.