Kiri Industries Limited
(CIN: L24231GJ1998PLC034094)

Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions

(As per Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

(Approved by Board of Directors at its meeting held on October 10, 2014, further modified & adopted on February 13, 2019, May 30, 2022 and May 30, 2026)

A. SCOPE AND PURPOSE OF THE POLICY:

Related Party Transactions (RPT) can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 ("**Act**") read with the Rules framed there under and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"), **Kiri Industries Limited ("KIL" or "the Company")** has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

As per regulation 23(1) of Listing Regulations, the listed entity shall 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 and it shall be reviewed by the board of directors at least once every three years and updated accordingly. In view of that, the Board of Directors of the Company had adopted "Related Party Transaction Policy" at their meeting held on October 14, 2014. The said policy was formulated as per the provisions of Clause 49 of the erstwhile Listing Agreement. Thereafter on February 13, 2019 on recommendation of audit committee and in accordance with regulation 23(1) of Listing Regulations, Policy was updated and adopted. Further the said policy is modified, updated and adopted with effect from May 30, 2022 on recommendation of audit committee and in accordance with amended regulation 23(1) of Listing Regulations.

This Policy is reviewed by Board of Directors at their meeting held on May 30, 2026, in accordance with updation in Regulation 23(1) of Listing Regulations which also requires Board to review the policy at least once every three years and update accordingly.

B. DEFINITIONS

i. **"Act"** shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, clarifications, circulars or re-enactment thereof.

ii. **"Arm's 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. For determination of Arm's Length basis, guidance may be taken from provisions of Transfer Pricing under Income Tax Act, 1961.

iii. "**Audit Committee or Committee**" means "**Audit Committee**" constituted by the Board of Directors of the Company under provisions of SEBI LODR and Act as amended from time to time.

iv. **"Board of Directors" or "Board"** means the Board of Directors of the Company, as constituted from time to time.

v. **"Company"** means Kiri Industries Limited

vi. **"Director"** means a person as defined in Section 2 (34) of the Companies Act, 2013.

vii. **"ISN"** means Industry Standards on "Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions", including any modification(s) / amendment(s) / re-enactment(s) thereof.

viii. **"Material Related Party Transaction"** in terms of SEBI LODR means a transaction to be entered into with a Related Party, individually or taken together with previous transactions during a financial year, if exceeds the following thresholds:

Consolidated Turnover of Listed Entity	Threshold
(I) Up to Rs. 20,000 Crore	10% of the annual consolidated turnover of the Company.
(II) More than Rs. 20,000 Crore to upto Rs. 40,000 Crore	Rs. 2,000 Crore + 5% of the annual consolidated turnover of the Company above Rs. 20,000 Crore.
(III) More than Rs. 40,000 Crore	Rs. 3,000 Crore + 2.5% of the annual consolidated turnover of the Company above Rs. 40,000 Crore or Rs. 5,000 Crores, whichever is lower.

Explanation: For the purpose of computing the thresholds stated above, the annual consolidated turnover of the Company shall be determined based on the last audited financial statements.

Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the Company.

Related Party Transaction policy on materiality and its threshold limits shall be reviewed by the Audit Committee and the Board, at least once in every three years and updated accordingly.

ix. **"Material Modification"** in terms of SEBI LODR means any modification(s) in the pricing, quantity or overall transaction value having a variance of 20% (twenty per cent.) or more, in the relevant previously approved related party transaction.

x. **"Office or Place of Profit"** means any office or place:

i. where such office or place is held by a director, if the director holding it receives from the Company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.

ii. where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise."

xi. **"Ordinary Course of Business"** means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per Memorandum & Articles of Association. The Audit Committee may lay down principles from time to time for determining ordinary course of business in accordance with statutory requirements and other industry practices and guidelines.

xii. **"Policy"** means Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions.

xiii. **"Relative"** shall mean "relative" as defined in section 2(77) of the Companies Act, 2013 and rules prescribed there under.

xiv. **"Related Party"** means related party as defined under Section 2(76) of Act and the rules framed thereunder or under the applicable accounting standards;

The following shall also be treated as the Related Party –

a) all persons or entities forming part of promoter or promoter group (including entities over which the promoter or promoter group may have control or significant influence) irrespective of their shareholding;

b) any person/entity holding equity shares in the listed entity, either directly or on a beneficial interest basis at any time during the immediately preceding financial year to the extent of 10% or more.

xv. **"Related Party Transaction(s)"** means as defined under the Companies Act and a transaction involving a transfer of resources, services or obligations between:

i. Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or

ii. a Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company or any of its subsidiaries, with effect from April 1, 2023;

regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract.

Provided that the following shall not be a related party transaction.

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) the following corporate actions by the company which are 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.

c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board:

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s);

Any words used in this Policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or Rules made thereunder, SEBI Act or Rules and Regulations made thereunder, Accounting Standards or any other relevant legislation / law applicable to the Company.

xvi. In case of any conflict between this Policy and applicable law, the applicable law (as existing on the date of the concerned transaction) shall prevail.

C. OBJECTIVE OF THE POLICY

The objective of this Policy is to set out (a) the materiality thresholds for related party transactions and; (b) the manner of dealing with the transactions between the Company and its related parties based on the Act and Listing Regulations.

D. PROCEDURE

The Company shall enter into any contract(s) or arrangement(s) or transaction(s) with a Related Party only after seeking prior approvals of the following:-

1. Audit Committee:

- As per Regulation 23 of the Listing Regulations and Section 177 of the Companies Act, 2013, **all the related party transactions and subsequent material modifications shall require prior** approval of the audit committee, subject to following conditions:

i. **only** those **members** of the Audit committee, **who are independent directors** shall approve related party transactions. (w.e.f. 01.01.2022)

ii. the audit committee shall define "material modifications" and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions;

iii. A related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of

the audit committee of the listed entity if the value of such transaction, exceeds the lower of the following;

(i) ten percent of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary; or

(ii) the threshold for material related party transactions of listed entity as specified in Schedule XII of these regulations

iv. In the event of a related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of a listed entity is a party but the listed entity is not a party and such subsidiary does not have audited financial statements for a period of at least one year, prior approval of the audit committee of the listed entity shall be obtained if the value of such transaction exceeds the lower of the following:

(i) ten percent of the aggregate value of paid-up share capital and securities premium account of the subsidiary; or
(ii) the threshold for material related party transactions of listed entity as specified in Schedule XII of these regulations.

Provided that the aggregate value of paid-up share capital and securities premium account of the subsidiary shall be taken as on a date, not older than three months prior to the date of seeking approval of the audit committee.

v. Prior approval of the audit committee of the Company shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party, if Regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

However, for related party transactions of unlisted subsidiaries of such listed subsidiary as referred above, the prior approval of the audit committee of the listed subsidiary shall suffice.

vi. Remuneration and sitting fees paid by the listed entity or its subsidiary to its Director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material.

vii. The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions;

- the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- the transaction is not material in terms of the provisions of Regulation 23(1);
- rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;

- the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of this regulation;
- any other condition as specified by the audit committee

Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.

- The Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the listed entity or its subsidiary subject to the following conditions, namely:

a) The Audit Committee shall, after obtaining approval of the Board of Directors, lay down the criteria for granting omnibus approval and such approval shall be applicable in respect of transactions which are repetitive in nature.

b) The Audit Committee shall satisfy itself regarding need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company;

c) Such omnibus approval shall specify:-

(i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that can be entered into, in aggregate in a year, and maximum value per transaction which is allowed,

(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.

However, where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 Crore per transaction.

d) Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the company or its subsidiary pursuant to each of the omnibus approval given.

e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

- **Details to be provided to the Audit Committee** –

The Company shall, while placing any proposed Related Party Transaction before the Committee for review and approval, provide the information in the format specified in the ISN and such other information as may be called for by the Audit Committee:

The ISN shall not be applicable to:

a) Transactions exempted under Regulation 23(5) of the SEBI LODR; and
b) Quarterly review of RPTs by the Audit Committee in terms of Regulation 23(3)(d) of SEBI LODR.
c) Transaction(s) with a related party to be entered into individually or taken together with previous transactions during a financial year (including which are approved by way of ratification) do not exceed rupees one crore.

2. Board of Directors:

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said section, which are either not on arm's length basis or not in the Ordinary Course of Business shall be shall be placed before the Board for its approval.

All (a) Related Party Transactions that are beyond the prescribed limits as per Companies (Meetings of Board & its Powers) Rules, 2014 and being not in the ordinary course of business of the company and/ or not on an arm's length basis, (b) Material Related Party Transactions and subsequent material modifications in terms of Regulation 23 of Listing Regulations, requiring the approval of the shareholders, shall also need to be approved by the Board and shall be recommended by the Board of Directors to the Shareholders for their approval.

Where any director in 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 related to such contract or arrangement.

3. Shareholders:

- **Shareholders' approval for Material related party transactions and subsequent material modifications in terms of Listing Regulations:**

  All the transactions with related parties exceeding the materiality thresholds, laid down in the Policy, are placed before the shareholders for approval.

  For this purpose, none of the related parties of the Company shall vote to approve on such shareholders' resolution irrespective of whether the entity is a related party to the particular transaction or not. (RP's can cast only negative vote to reject the shareholders resolution of material RPT).

  In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not at Arm's Length or not in the ordinary course of business; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 are placed before the shareholders for its approval.

  All material related party transactions and subsequent material modifications shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not:

Provided that prior approval of the shareholders of a listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

Provided further that the omnibus approval granted by the shareholders for material related party transactions in an annual general meeting shall be valid till the date of the next annual general meeting held within the timelines prescribed under Section 96 of the Companies Act, 2013 or rules, notifications, or circulars issued thereunder from time to time.

Provided further that in case of omnibus approvals for material related party transactions, granted by shareholders in general meetings other than annual general meeting, the validity of such omnibus approvals shall not exceed one year from the date of such approval.

- **Shareholders' Approval under Section 188 of the Companies Act, 2013:**

In accordance with Section 188 of the Companies Act, 2013 read with rules made thereunder, including any statutory modification, amendment thereof as may be issued from time to time, transactions exceeding limits as tabled below shall require prior approval of shareholders by a resolution.

Transactions covered	Transaction value
sale, purchase or supply of any goods or materials directly or through appointment of agents *	10% or more of the Turnover of the Company
selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents *	10% or more of the Net Worth of the Company
leasing of property of any kind*	10% or more of the Turnover of the Company
availing or rendering of any services directly or through appointment of agents *	10% or more of the Turnover of the Company
such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company	monthly remuneration exceeding Rs. 2.5 Lakh
Remuneration for underwriting the subscription of any securities or derivatives thereof, of the company*	exceeding 1% of the Net Worth

** The limits shall apply for these transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.*

Explanation - The Turnover or Net Worth referred in the above shall be on the basis of the Audited Financial Statement of the preceding financial year.

4. Each director/KMP who is a Related Party with respect to a particular Related Party Transaction shall disclose all material information to the Audit Committee/Board of Directors concerning such Related Party Transaction and his or her interest in such transaction.

5. The Audit Committee shall also review and approve any modification, renewal or extension of any Related Party Transaction.

E. EXEMPTION FROM OBTAINING APPROVAL AS PER LISTING REGULATIONS

In terms of Regulation 23 of the Listing regulations, following transactions are exempted from the requirement of obtaining the Audit Committee/Board of Directors/ Shareholders approval:

a) Transactions entered into between two public sector companies;
b) Transactions entered into between a Company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval;
c) Transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval;
d) transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand;
e) transactions entered into between a public sector company on one hand and the Central Government or any State Government or any combination thereof on the other hand.

F. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. 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, revision or termination of the related party transaction. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a related party transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

G. DISCLOSURES

Particulars of contracts or arrangements with Related Parties referred to in sub Section (1) of Section 188 shall be disclosed in the Directors Report along with the justification for entering into such contract or arrangement, pursuant to any statutory requirement, if any.

The listed entity shall submit to the stock exchanges disclosures of related party transactions every six months on the date of publication of its standalone and consolidated financial results, in the format as specified by the Board from time to time, and publish the same on its website.

The policy shall be published on the Company's website www.kiriindustries.com and web link of the policy shall be disclosed in the Company's Annual Report.

H. Review

This Policy is framed based on the provisions of the Companies Act, 2013 and rules thereunder and the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In case of any subsequent changes in the provisions of the Companies Act, 2013, Listing Regulations or any other regulations ("the Regulations") which makes any of the provisions in the Policy inconsistent with the Regulations, the provisions of the Regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with the Regulations.

The Policy shall be reviewed and recommended by the Audit Committee at least once in every three years or as and when any changes are to be incorporate in the Policy due to change in the Regulations or as may be felt appropriate by the Audit Committee, whichever is earlier for approval of the Board of Directors. Any changes or modification on the Policy as recommended by the Audit Committee would be presented for review and approval of the Board of Directors.

This Policy is lastly amended as per the recommendations of the Audit Committee meeting held on May 30, 2026 and approved by the Board of Directors at its meeting held on May 30, 2026.

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