KRANTI INDUSTRIES LIMITED

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS

VERSIONS OF POLICY

Sr. No.	Description of Change	Approved by	Approval Date	Effective Date
1	Original Policy	Board of Directors	December 21, 2015	December 21, 2015
2	Reviewed & amended to incorporate changes as per SEBI (LODR) Regulations, 2015	Board of Directors	February 11, 2022	February 11, 2022
3	Reviewed & amended to incorporate changes as per SEBI (LODR) Regulations, 2015	Audit Committee & Board of Directors	February 12, 2025	February 12, 2025

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(Effective from February 12, 2025)

1. PREAMBLE

The Related Party Transactions Policy (the "Policy") is framed in accordance with the requirements of the applicable law in force. Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (hereinafter referred to as "Regulation 23), Section 188 of the Companies Act, 2013 (the "Act") along with Rule 6A of Companies (Meeting of Board and its Powers) Rules, 2014, as amended from time to time, and Ind AS 24 on Related Party Disclosures ("Ind AS"), deal with provisions regarding Related Party Transactions.

Kranti Industries Limited (the "Company" or "KIL" or "Listed Entity") recognizes the principles and objectives behind the mechanism prescribed by Regulation 23 and, applicable provisions of the Act and Ind AS, with respect to the related party transactions. Being a listed Company, the above regulatory framework needs to be considered cumulatively and carefully as it mandates application of stricter of all applicable requirements.

2. PURPOSE

The purpose of the Policy is to:

a. Regulate transactions between the Company and / or its subsidiary(ies) vis-à-vis their Related Party(ies) with a view to ensure that such transactions are executed on an arm's length basis and in a transparent and fair manner.

b. Seek necessary approvals of the Audit Committee / Board / Shareholders, as may be necessary, after providing necessary information to them in the prescribed manner.

c. Outline the procedures for identification, review, disclosure and reporting of such transactions.

3. 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, the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company.

4. DEFINITIONS

4.1 **"Act"** means the Companies Act, 2013 and the Rules framed there under, including any modifications, amendments, clarifications, circulars or re-enactment thereof.

4.2 "**Arm's Length Transaction**" ('ALP')" as defined under section 188(1) of the Act shall means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.

4.3 "**Key Managerial Personnel**" shall have the meaning assigned to it under Section 2 (51) of the Act.

4.4 "**Office or place of profit**" means any office or place-

a. 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;
b. 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.

4.5 "**Ordinary Course of Business**" ('OCB')" means a transaction which/wherein:

- is carried out in the normal course of business envisaged in accordance with the Memorandum of Association ('MoA') of the Company as amended from time to time, or is as per historical practice with a pattern of frequency, or is in connection with the normal business carried on by the Company, or
- the income, if any, earned from such activity/transaction is assessed as business income in the Company's books of accounts and hence is a business activity, or
- is common commercial practice, or meets any other parameters/criteria as decided by the Board/Audit Committee.

4.6 "**Policy**" means this policy of the Company on Related Party Transactions.

4.7 "**Material Modifications**" shall mean and transaction which triggers any of the following conditions whether individually or aggregate:
a. Change in overall transaction value of the related party transaction beyond 20% or
b. As may be decided by the Audit Committee on case to case basis.

4.8 "**Material Related Party Transactions**" shall have the same meaning as assigned to it in Clause 5 below pursuant to Regulation 23 of the SEBI Listing Regulations.

4.9 "**Relative**" in relation to a related party shall have the same meaning assigned to in Section 2(77) of the Companies Act 2013 and rules prescribed thereunder.

4.10 "**Related Party**" shall have the same meaning as defined under Section 2(76) of the Act and Regulation 2(1)(zb) of the SEBI Listing Regulations and IND AS-24 as may be amended from time to time.
Reference and reliance may be placed on the clarification issued by the Ministryof the Corporate Affairs, Government of India and SEBI and other Authorities from time to time on the interpretation of the term "Related Party".

4.11 "**Related Party Transactions**" shall have the meaning as defined under Regulation 2(1)(zc) of the SEBI Listing Regulations or as envisaged in Section 188(1) of the Companies Act 2013 and IND AS-24 as may be amended from time to time.

4.12 "**SEBI Listing Regulations**" or "**SEBI Regulations**" or "**Listing Regulations**" means SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended from time to time.

4.13 "**Transaction**" shall be construed to include single transaction or a group of transactions in a contract;

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation.

5. MATERIAL RELATED PARTY TRANSACTION (MATERIALITY THRESHOLDS):

Regulation 23 of SEBI Regulations requires a Company to provide materiality thresholds for transactions beyond which approval of the shareholders through an ordinary resolution will be required.

Kranti Industries Limited, has fixed the following materiality threshold for the purpose of Regulation 23(1) and 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

- Any related party transaction will be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds Rupees one thousand crore or ten percent (10%) of the annual consolidated turnover as per the last audited financial statements of the Company, whichever is lower.

- Any related party transaction involving payments made to a related party with respect to brand usage or royalty, exceeding five percent (5%) of the annual consolidated turnover of the Company as per its last audited financial

statements would be considered as 'material transaction'.

The materiality threshold limit shall also apply for the purposes of making disclosures under the Companies Act, 2013 with respect to disclosure of material related party transactions.

Provided that in case of any amendment to the definition of Material Related Party Transactions in the Act or Listing Regulations or Ind AS, the definition of Material Related Party Transactions in this policy shall be deemed to be changed without any further approval of Audit Committee or Board.

However, the Audit Committee and Board shall be informed about the change and the amendment to this policy to that extent shall be ratified in the meeting next to the date of amendments in respective enactments.

6. MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

The Company has set up appropriate internal procedures for capturing proposed Related Party Transactions from the data available with the Company and on getting the information on such proposed transactions the same is brought to the notice of management for initiating due process for approval of the same by the Audit Committee (omnibus approval) and/or as the case may be, by the Board of Directors or by the Members/shareholders of the Company.

PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTIONS:

A. APPROVAL OF THE AUDIT COMMITTEE

a. All related party transactions and modification thereto require prior approval of the Audit Committee irrespective of its materiality. Audit committee shall also approve any subsequent material modifications provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.

b. All related party transactions and material modifications thereto where Company or its subsidiary is a party shall require prior approval of the Audit Committee of the Company.

c. All 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 turnover, as referred above, shall be computed as per the latest audited financial statements of the Company or its subsidiary, as the case may be.

d. A remuneration and sitting fees paid by the Company 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 in terms of the provisions of sub-regulation (1) of Regulation 23.

e. The Audit Committee shall review the information as prescribed under the Act and Listing Regulations, for approval of a proposed Related Party Transaction.

f. 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:

   i. 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;

   ii. the transaction is not material in terms of the provisions of sub-regulation (1) of regulation 23;

   iii. rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;

   iv. 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 regulation 23;

   v. 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.

B. OMNIBUS APPROVAL FOR RELATED PARTY TRANSACTION

a. The Audit Committee may grant omnibus approval for Related Party Transactions of Company or its subsidiary and such approval shall be applicable in respect of transactions which are repetitive in nature.

b. However, the Audit Committee may grant omnibus approval, subject to compliances with the following conditions:

   i. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;

   ii. The omnibus approval shall provide details of
   - the name/s of the related party, nature of transaction, period of transaction, maximum amount of transactions, in aggregate, that can be entered into in a year,maximum value per transaction which

can be allowed

- 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.

c. However, in case of related party transactions which cannot be foreseen and above details are not available, audit committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

d. The 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 approval shall be valid for a period not exceeding 1 financial year and shall require a fresh approval after expiry of such financial year.

f. Omnibus approval shall not be granted in respect of selling and disposing of the undertaking of the Company.

g. The audit committee may recommend any modifications required in the policy.

C. APPROVAL OF THE BOARD OF DIRECTORS

a. As per the provisions of Section 188 of the Act all Related Party Transactions specified under the said Section and approved by the Audit Committee shall be noted by the Board.

b. The Board will approve all Related Party Transaction's which are not at arm's length and/or which are not in the ordinary course of business.

c. In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

i. Transactions which may be in the ordinary course of business and at arm's length basis, but which are as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;

ii. Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;

iii. Transactions which are in the ordinary course of business and at arm's

length basis, but which in Audit Committee's view requires Board approval.

iv. Transactions meeting the materiality thresholds laid down Clause 5 of the Policy, which are intended to be placed before the shareholders for approval.

d. Once contracts / arrangements with related parties are approved by the Audit Committee / Board, transactions arising out of the same and which are within the omnibus limits as approved by the Audit Committee, would not be subject to evaluation when they are executed. This process will be monitored by the Finance & Accounts head continuously

D. APPROVAL OF THE SHAREHOLDERS

a. All material Related Party Transactions and Material Modifications thereto meeting the materiality threshold as specified in clause 5 shall require prior approval of shareholders through resolution and no related party shall vote to approve the relevant resolution irrespective of whether the entity is a related party to the particular transaction or not.

b. In addition to the above, pursuant to Rule 15 of Companies (Meeting of Board and its Powers) Rules, 2014, transactions with Related Party(ies) as mentioned in the table below, which are not in the ordinary course of business or are not at arm's length shall require approval of shareholders by way of a resolution.

Sr No	Details of transactions to be entered individually or taken together during a financial year	Minimum threshold requiring Shareholders Approval
1	Sale, purchase or supply of any goods or material directly or through appointment of agent.	amounting to 10% or more of the turnover
2	Selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agent	amounting to 10% or more of net worth
3	Leasing of property of any kind.	amounting to 10% or more of the turnover
4	Availing or rendering of any services directly or through appointment of agent	amounting to 10% or more of the turnover

5	Appointment to any office or place of profit in the Company, its subsidiary company or associate company	monthly remuneration exceeding ₹ 2.50 lakh
6	Remuneration for underwriting the subscription of any securities or derivatives thereof of the company	exceeding 1% of the net worth

c. The turnover or net worth shall be on the basis of the Company's audited financial statements for the preceding financial year.

7. EXCEPTION

Approval of the Audit Committee / Board / shareholders of the Company, as mentioned in (A), (B) and/or (C) and/or (D) above shall not be required for transactions entered into between:

a. transactions entered into between two public sector companies.
b. transactions entered into between a holding 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 listed holding 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.

where accounts of such wholly owned subsidiary(ies) are consolidated with that of the Company and placed before the shareholders at the general meeting for approval.

8. INFORMATION AND RECORDS

To review a Related Party Transaction, the Audit Committee and the Board as the case may be, shall be provided with all relevant material information of the Related Party Transaction, including 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. The Audit Committee may ask for the further information for reviewing the same.

9. DISCLOSURES

a. The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or arm's length basis along with the justification for entering into such transaction.

b. The Company shall make disclosures as required by the Act, SEBI Regulations, Ind AS and any other applicable law in force will be made by the Company at such frequency and in such format and to such agency as may be required by the applicable law in force.

   The remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require disclosure provided that the same is not material in terms of sub-regulation (1) of regulation 23.

c. Any amendment to this policy shall be first considered at the Audit Committee Meeting and same shall be recommended by it to the Board for their approval.

d. After the approval by the Board of Directors this policy will be uploaded on the website of the Company www.krantiindustries.com as prescribed under Regulation 46(2)(g) of the SEBI Listing Regulations.

10. 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.