KRYPTON INDUSTRIES LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

(As Revised and approved by the Board of Directors as on May 30, 2025)

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1. PREAMBLE

The Board of Directors (the "Board") of Krypton Industries Limited (the "Company"), has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Audit Committee will review and may amend this policy from time to time.

This policy is to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable on the Company.

2. IMPORTANT DEFINITIONS/TERMS

Definitions of some of the important terms are mentioned below:

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

b. "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.

c. "Related Party" means a person or entity considered as Related Party under section 2(76) of the Companies Act, 2013 and the Rules thereof or under the applicable accounting standards as well as in terms of Clause 49 of the Listing Agreement with the Stock Exchange.

The RPT shall include transactions between: -

i. the 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;

ii. the 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.

d. **"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:

i. In case of transactions involving payments made with respect to brand usage or royalty, if it exceeds 5% of the annual consolidated turnover of the Company as per its last audited financial statements;

ii. In case of any other transaction(s), if the amount exceeds Rs 1,000 crores or 10% (ten percent) of the annual consolidated turnover of the Company as per its last audited financial statements, whichever is lower.

e. **"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 percent) or more, in the relevant previously approved related party transaction.

3. IDENTIFICATION OF RELATED PARTIES AND TRANSACTIONS

Every director shall at the beginning of the financial year provide information by way of written notice to the company regarding his concern or interest in the entity with specific concern to parties which

may be considered as related party with respect to the Company and shall also provide the list of relatives which are regarded as related party as per this policy. Directors are also required to provide the information regarding their engagement with other entity during the financial year which may be regarded as related party according to this policy.

The Company will identify potential transactions with Related Parties based on written notices of concern or interests received from its Directors / Key Managerial Personnel in the manner prescribed in the Companies Act, 2013 and the rules thereunder.

4. APPROVAL MECHANISM

4.1. AUDIT COMMITTEE APPROVAL

4.1.1 All related party transactions and subsequent material modifications require prior approval of the Audit Committee.

4.1.2 Only Members of the Audit Committee, who are independent directors, shall approve related party transactions.

4.1.3 A related party transaction 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 whether entered into individually or taken together with previous transactions during a financial year exceeds ten percent (10%) of the **annual consolidated turnover**, as per the last audited financial statements of the listed entity.

Further, with effect from April 1, 2023, a related party transaction 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 whether entered into individually or taken together with previous transactions during a financial year, exceeds ten percent (10%) of the annual ***standalone turnover***, as per the last audited financial statements of the subsidiary.

4.1.4 The Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:

- The Audit Committee shall after seeking guidance of the Board of Directors, specify the criteria for granting the omnibus approval in line with this Policy which shall include the following, namely:

    - the name/s of the related party and its relationship with the company and/or its subsidiary, nature of transaction, period of transaction, maximum number of transactions, in aggregate, which shall be entered into in a year;
    - the 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;
    - transactions which cannot be subject to the omnibus approval by the Audit Committee; and
    - Review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the Company or its subsidiary pursuant to each omnibus approval made.
    - such other conditions as the Audit Committee may deem fit.

- The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:

    - repetitiveness of the transactions (in past or in future).
    - justification for the need of omnibus approval

- The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the best interest of the Company or its subsidiary, as may be applicable.

4.1.5 However, in case of related party transactions which cannot be foreseen and where the above details are not available, Audit Committee may grant omnibus approval provided the value not exceed Rs.1 crore per transaction.

4.1.6 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.

4.1.7 A Related Party Transaction, which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, will be placed before the Audit Committee for consideration and ratification, within 3 months from the date of the transaction or in the immediate next meeting of the Audit Committee, whichever is earlier, in the manner prescribed under Regulation 23(2)(f) of the SEBI Listing Regulations.

4.1.8 The Audit Committee shall review, at least on a quarterly basis.

4.1.9 In compliance to the approval of the Board of Directors, the Audit Committee of the Company has specified following criteria for granting omnibus approval:

- The maximum value of the transactions, in aggregate, which can be allowed under omnibus route in a year will be twenty-five percent (25%) of the annual consolidated turnover of the company as per its last audited financial statements.
- The maximum value per transaction which can be approved under omnibus route will be the same as per the materiality threshold as defined in Clause 4 of the Policy.

4.1.10 While seeking approval for a Related Party Transaction placed before the Audit Committee, the Audit Committee shall be provided with the information as required to be provided under the Act and the SEBI Listing Regulations.

4.1.11 The Board may consider the details as required to be provided under the Act and the SEBI Listing Regulations to the Audit Committee, in order to determine if the transaction is in the ordinary course of business and at arm's length pricing or not.

4.1.12 The requirement for seeking Audit Committee approval for related party transactions shall not be applicable to transactions between the Company and its wholly owned subsidiary/ies or between two wholly owned subsidiaries of the Company, whose accounts are consolidated with the Company. Furthermore, transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between the Company on one hand and the Central Government or any State Government or any combination thereof on the other hand will also be exempt.

4.1.13 Transaction of following nature will not be subject to the omnibus approval of the Audit Committee:

- Transactions which are not valued on an arms' length pricing basis or not in the ordinary course of business.
- Transactions which are not repetitive in nature.
- Transactions exceeding materiality thresholds as laid down in Clause 4 of the Policy.
- Transactions in respect of selling or disposing of an undertaking of the Company.
- Financial Transactions e.g. Loan to related parties, Inter Corporate Deposits, subscriptions to bond, debenture or preference shares issued by the related parties, corporate guarantee given/received from related parties.
- Any other transaction the Audit Committee may deem not fit for omnibus approval.

4.2. APPROVAL OF THE BOARD AND THE SHAREHOLDERS

4.2.1 All Related Party Transactions which are not in the ordinary course of business or not at the arm's length price shall require prior approval of the Board of Directors of the Company. Where any director is interested in any Related Party Transaction, such director will abstain from discussion and voting on the subject matter of the resolution relating to such RPT.

4.2.2 Further, all related party transactions which are not in the ordinary course of business or not at the arm's length price and are exceeding threshold limits prescribed in section 188 of in the Act shall also require prior approval of shareholders of the Company by way of Ordinary Resolution and all entities falling under the definition of Related Parties shall not vote to approve the relevant transaction, irrespective of whether the entity is a party to the particular transaction or not.

4.2.3 All the Material Related Party Transactions and subsequent material modifications shall require prior approval of the Board and shareholders through Ordinary 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 shareholders of the Company shall not be required for RPTs where listed subsidiary is a party but the Company is not a party, if regulation 23 and 15 (2) of SEBI LODR are applicable to such listed subsidiary.

Provided further that the aforesaid requirements shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

Provided further that the Material Related Transactions entered into by the Company with its wholly owned subsidiary(ies) whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval shall not require approval of the shareholders.

Provided further that the provisions pertaining to -

- Prior approval of the Audit Committee for all RPTs;
- Omnibus approval for RPTs; and
- Prior approval of shareholders for Material Related Party Transactions and subsequent Material Modifications

shall not be applicable when the transactions are entered into 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.

5. TRANSACTIONS WHICH DO NOT REQUIRE APPROVAL

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 pro rata as the Related Party including following:

(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 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 buy-back of securities.

(c) retail purchases from the Company or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors.

(d) 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 provided that the same is not material in terms of the provisions of Regulation 23(1) of SEBI LODR.

6. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

If a Related Party Transaction is entered into by the Company without being approved under this Policy, the same shall be reviewed by the Audit Committee. The Audit Committee shall evaluate the transaction and may decide such action as it may consider appropriate including ratification, (subject to terms of this Policy), revision or termination of the Related Party Transaction. The Audit Committee may examine the facts and circumstances of the case and take any such action it deems appropriate.

7. DISCLOSURES

- The Company shall disclose RPTs in its Board Report as per Section 134 of the Act.
- Material RPTs shall be disclosed to stock exchanges along with corporate governance reports.
- The Policy shall be uploaded on the Company's website at www.kryptongroup.com and a link shall be included in the Annual Report.
- Registers of contracts and arrangements shall be maintained as per the Act.

8. REVIEW AND AMENDEMENTS

This Policy shall be reviewed by the Board of Directors at least once every three years. The Board, on recommendation of the Audit Committee, may amend the Policy to align with changes in applicable laws or business requirements.

Amendment to the Policy approved by the Board of Directors on May 30, 2025 Effective Date: December 12, 2024