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# Kabra Extrusiontechnik Limited

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## POLICY ON RELATED PARTY TRANSACTIONS

### **1. Scope and Purpose of this Policy**

This Related Party Transactions Policy ("Policy") is framed in accordance with Section 188 of the Companies Act, 2013 and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations"), as amended from time to time.

The objective of this Policy is to ensure proper identification, review, approval and disclosure of Related Party Transactions ("RPTs") entered into by the Company and its subsidiaries, and to ensure that such transactions are in the best interests of the Company, are conducted at arm's length, in the ordinary course of business and with appropriate governance oversight.

The Committee/Board will review and may amend this policy from time to time.

### **2. Definitions**

The terms "Arm's Length Transaction", "Related Party" or "Related Parties", "Relative" "Related Party Transactions" and "Securities" shall have the same meaning as assigned to them under the Companies Act, 2013 ("Act"); the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Accounting Standard as recommended by the Institute of Chartered Accountants of India. The term "Material Related Party Transaction(s)" shall have the same meaning as assigned to it under Regulation 23 of the Listing Regulations.

**"Material Modification(s)"** means any subsequent change to an existing pre-approved Transaction with a Related Party, having variance of 10% of the existing limit or Rs.1 Crore, whichever is whichever is higher.

Notwithstanding the foregoing, the following shall not be deemed Related Party Transactions:

- (a) Any transaction that involves the reimbursement or advance to director or Key Managerial Personnel to meet expenditure in the course of his or her duties to the Company or its subsidiaries or affiliates, in compliance with the Companies Act, 2013 and the rules made thereunder;
- (b) Any transaction in which the interest of Related Party 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

“Ordinary Course of Business” means normal, regular business activities carried out by the Company in line with the objects clause in its Memorandum and Articles of Association or which are in furtherance to its business objectives.”

### **3. Identification of Related Parties**

The Company Secretary / Compliance Officer shall maintain a database of Related Parties based on declarations received from Directors and Key Managerial Personnel (“KMP”) or identified on the basis of the key definition set forth in section above in consultation with the Finance Department. Each Director and KMP shall submit declarations of their related parties at the beginning of every financial year and whenever there is a change. The database shall be reviewed and updated periodically.

### **4. Identification of Related Party Transactions**

All departments of the Company shall identify potential RPTs and provide requisite details to the Company Secretary / Compliance Officer. Each Director and KMP shall promptly disclose any potential RPT involving themselves or their relatives. The Finance Head shall ensure that all RPTs are supported by appropriate documentation and commercial justification.

The Board after discussion among themselves and if required in consultation with the outside counsel, as appropriate, will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy

### **5. Approval Framework**

#### **5.1. Audit Committee Approval**

All Related Party Transactions (“RPTs”) and subsequent material modifications shall require prior approval of the Audit Committee in accordance with Regulation 23(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR Regulations”), as amended from time to time. Only Independent Directors who are members of the Audit Committee shall approve such transactions.

The Audit Committee shall, inter alia, consider the terms of the transaction, the business rationale, the arm’s length nature of the transaction, the benefit to the Company and the pricing or valuation basis.

A related party transaction to which a subsidiary of the 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 in accordance with Regulation 23(2) of the LODR Regulations, including the thresholds, conditions and manner of computation prescribed therein, as amended from time to time.

In the event a 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 in accordance with Regulation 23(2) of the LODR Regulations, as amended from time to time.

## **5.2. Omnibus Approval**

The Audit Committee may grant omnibus approval for repetitive RPTs subject to the satisfaction of business necessity and fairness, and subject to the transactions being in the ordinary course of business and at arm's length.

Such omnibus approval shall specify the name of the related party, the nature and period of the transaction, the maximum amount and the pricing basis or formula. Omnibus approvals shall be valid for one financial year and shall be reviewed quarterly.

Omnibus approval shall not be granted for non-arm's length transactions or not in the ordinary course of business, material RPTs, or any other transaction not considered appropriate by the Audit Committee.

## **5.3. Ratification of RPT**

The Members of the Audit Committee, who are Independent Directors, may ratify related party transactions in accordance with the provisions of the Act and the Listing Regulations.

Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee.

## **5.4. Board Approval**

RPTs shall require prior approval of the Board of Directors if they are not in the ordinary course of business, or not at arm's length, or are referred by the Audit Committee, or are required to be approved by the Board under applicable law. Any director who is interested in an RPT shall abstain from participating in the meeting, but may participate in all or a portion of the Committee's / Board's discussions of the Related Party Transaction, if requested by the Chair of the Committee/ Board.

## **5.5. Shareholder Approval**

All material Related Party Transactions and subsequent material modifications, as defined by the Audit Committee, shall require prior approval of the shareholders through a resolution, and no related party shall vote to approve such resolution, whether or not such related party is a party to the particular transaction.

Prior approval of shareholders shall not be required for related party transactions of subsidiaries, including listed and unlisted subsidiaries, where such approval is exempted under Regulation 23 of the LODR Regulations or other applicable law, as amended from time to time.

The requirements relating to shareholders' approval shall not apply to a resolution plan approved under Section 31 of the Insolvency and Bankruptcy Code, 2016, subject to disclosure of the event to the recognised stock exchanges within the timelines prescribed under the LODR Regulations.

Omnibus approval granted by shareholders for material related party transactions shall be valid in accordance with Regulation 23 of the LODR Regulations and the Companies Act, 2013, as amended from time to time.

## **6. Exceptions**

The provisions relating to Audit Committee approval, Board approval and shareholders' approval shall not be applicable to such related party transactions as are exempted under Regulation 23(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations") and other applicable laws, as amended from time to time. Without limiting the generality of the foregoing, such exempted transactions shall include:

- (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 a 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.

For the removal of doubts, it is clarified that the term "holding company" for the purposes of this clause shall have the meaning assigned under Regulation 23(5) of the LODR Regulations.

## **7. Disclosure and Reporting**

The Company shall disclose RPTs to the stock exchanges and on its website in accordance with Regulation 23(9) of the LODR Regulations. The Board's Report shall include disclosures of RPTs as required under the Companies Act, 2013 and the LODR Regulations. The Audit Committee shall review RPTs on a quarterly basis.

## **8. Review and Amendment**

This Policy shall be reviewed periodically and at least once every three years. Any amendment required due to changes in law shall be deemed incorporated automatically. The Board of Directors is authorised to amend this Policy to ensure compliance with applicable laws.

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