

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

1. Introduction:

The Board of Directors of Mafatlal Industries Limited (“the Board”), based on the recommendation of the Audit Committee, has adopted a Policy and laid down procedures for determining the materiality of Related Party Transactions and for dealing with such transactions. This Policy is in accordance with the provisions of Section 188 of the Companies Act, 2013 read with the relevant Rules framed thereunder (“the Act”), and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time. The Policy is effective from 1st April 2022.

2. Purpose:

The Regulation 23 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, (“SEBI Listing Regulations”) requires all listed companies 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 regulation further requires that the Audit Committee of Company 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.

3. 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 are unrelated, so that there is no conflict of interest.
- iii. **“Associate Company”** shall mean “Associate Company” as defined in Section 2 (6) of the Companies Act, 2013.
- iv. **“Subsidiary Company” or “Subsidiary”**, in relation to any other company (the holding company), means a company in which the holding company:
 - (i) controls the composition of the Board of Directors; or
 - (ii) exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies:

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

Explanation. -For the purposes of this clause:

(a) a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another subsidiary company of the holding company.

(b) the composition of a company's Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors.

(c) the expression "company" includes anybody corporate.

(d) "layer" in relation to a holding company means its subsidiary or subsidiaries.

- v. **"Board of Directors" or "Board"** means the Board of Directors of the Company, as constituted from time to time.
- vi. **"Company"** means Mafatlal Industries Limited (MIL).
- vii. **"Director"** means a person as defined in Section 2 (34) of the Companies Act, 2013.
- viii. **"Employees"** shall mean the employees and office-bearers of the Company, including but not limited to Directors.
- ix. **"Government Company"** shall mean "Government Company" as defined in Section 2 (45) of the Companies Act, 2013 read with related rules issued thereon.
- x. **"Key Managerial Personnel"** shall mean "Key Managerial Personnel" as defined in Section 2 (51) of the Companies Act, 2013 read with related rules issued thereon.
- xi. **"Industry Standards"** shall mean the Industry Standards on "Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions" as notified by SEBI vide its circular dated 26th June 2025, and subsequently as amended from time to time. Any other term not defined herein shall have the same meaning as defined in the Act, the SEBI Listing Regulations or any other applicable law or regulation, each as amended.
- xii. **"Senior Management"** shall mean officers/personnel of the Company who are members of the core management team excluding the Board of Directors and shall comprise all members of management one level below the Chief Executive Officer or Managing

Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the persons identified and designated as key managerial personnel, other than the board of directors, by the Company.

- xiii. **“Material Related Party Transaction”** In accordance with Regulation 23 of the Listing Regulations, a transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds the thresholds specified in Regulation 23 of SEBI Listing Regulations read with Schedule XII of these regulations or such other limit as may be specified in the applicable Act, Rules, Regulation as amended from time to time.

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 Company as per the last audited financial statements of the Company or such other limit as may be specified in the applicable Act, Rules, Regulation as amended from time to time.

- xiv. **Material Modification** means an increase in the value of transactions approved by the Audit Committee by 20%.
- xv. **“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.
- xvi. **“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 Board may lay down principles from time to time for determining an

ordinary course of business in accordance with statutory requirements and other industry practices and guidelines.

xvii. **“Policy”** means Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions.

xviii. **“Relative”** shall mean “relative” as defined in section 2(77) of the Companies Act, 2013 and rules prescribed there under and SEBI (LODR) Regulations, 2015, as amended time to time.

xix. **“Related Party”** means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 or under the applicable accounting standards, as amended time to time:

Provided that:

- (a) any person or entity forming a part of the promoter or promoter group of the Company; or
- (b) any person or any entity, holding equity shares:
 - (i) of twenty per cent or more; or
 - (ii) of ten per cent or more, with effect from 1st April 2023.

in the Company either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediately preceding financial year; shall be deemed to be a related party.

xvii **“Related Party Transaction or transactions”** means a transaction involving a transfer of resources, services or obligations between:

- (i) a 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 1st April 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, including but not limited to the following –

- a . sale, purchase or supply of any goods or materials;
- b . selling or otherwise disposing of, or buying, property of any kind;

- c . leasing of property of any kind;
- d . availing or rendering of any services;
- e . appointment of any agent for purchase or sale of goods, materials, services or property;
- f . appointment to any office or place of profit in the Company, its subsidiary or associate company
- g . underwriting the subscription of any securities or derivatives thereof, of the Company.

Following shall not be considered as related party transaction of the Company in terms of SEBI Listing Regulations

- (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
 - 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 SEBI.
- (d) acceptance of current account deposits and saving account deposits by banks in compliance with the directions issued by the Reserve Bank of India or any other central bank in the relevant jurisdiction from time to time:
Explanation: For the purpose of clauses (c) and (d) above, acceptance of deposits includes payment of interest thereon.
- (e) retail purchases from the Company or its subsidiary by the directors or key managerial personnel of the Company or its subsidiary, and relatives of such directors or key managerial personnel, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees, directors, key managerial personnel and relatives of directors or key managerial personnel

Further, remuneration and sitting fees paid by the Company or its subsidiaries to its directors, key managerial personnels 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 Regulation 23 of the SEBI Listing Regulations

4. Policy:

A. Identification of Related Party

The Company has formulated guidelines for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and Regulation 2(1)(zb) of the SEBI Listing Regulations.

B. Identification of Related Party Transactions:

For the purpose of identification of Related Party Transactions(RPTs), the Company has formulated guidelines in accordance with Section 188 of the Act and Regulation 2(1)(zc) of SEBI Listing Regulations. The Company shall ensure that no transaction is entered into with any Related Party without requisite approvals.

Once the related party transactions are identified, the Management shall categorize the transactions under the following categories as per the Industry Standards and place applicable disclosures before the Committee seeking approval:

- a. Material Related Party Transactions
- b. Other Related Party Transactions, but with promoter or promoter group or person/ entity in which promoter or promoter group has concern or interest.

The Industry Standards are not applicable to RPTs if Transactions amounting to 1% or more of the Annual Consolidated Turnover or Rs. 10 crore, whichever is lower

C. Review and approval of Related Party Transactions:

⇒ Audit Committee approval:

1. As per Regulation 23 of SEBI (LODR) Regulations, 2015 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 whether at a meeting or by resolution by circulation through electronic mode or any other manner as provided by the Act or Rules made thereunder or SEBI Listing Regulations from time to time, subject to the following:

a. Omnibus Audit Committee approval for MIL or its subsidiaries Related Party Transactions:

i. The Audit Committee may grant omnibus approval for Related Party Transactions provided it is satisfied that there is a need to grant such approval and the same is in the interest of the Company. Such approval may be granted by the Audit Committee for the proposed transactions subject to the following:

- i. Transactions are repetitive/frequent in nature.
- ii. Transactions are conducted on an Arm's Length basis.
- iii. Transactions are in the ordinary course of business and for the interest and benefit of the Company.

ii. Such omnibus approval shall specify the following:

- Name/s of the related party,
- Nature of transaction
- Period of transaction
- Maximum amount of transactions that can 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.
- All such other information, disclosures, declarations, and confirmations as may be prescribed under the provisions of the Companies Act, 2013, SEBI Listing Regulations, and all other applicable laws, rules, regulations, circulars, and guidelines, as amended or applicable from time to time.
- In the event that any Related Party Transaction falls within the prescribed threshold limits requiring disclosure and submission of information under the Industry Standards on "Minimum Information to be Provided to the Audit Committee and Shareholders for Approval of Related Party Transactions", as issued by the Securities and Exchange Board of India (SEBI) vide Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/93 dated 26th June 2025, effective from 1st September 2025, and as amended, modified, or re-enacted

from time to time, the requisite disclosures and information as specified therein shall be placed before the Audit Committee and, where applicable, the Shareholders for their prior approval of such Related Party Transactions.

Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction unless the limit of transactions, amount of transactions, price, value or material terms of understanding, contract or arrangement have been varied/amended. Any proposed variations/amendments to these factors shall require prior approval of the Audit Committee.

- iii) Provided that where the need for related party transaction cannot be foreseen and the 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.
- iv) The Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company or its subsidiaries pursuant to each of the omnibus approvals given. Further, such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of the same.

b. Prior approval of the Audit Committee shall be obtained for all Related Party Transactions of MIL and its subsidiaries, wherever such transactions fall within the applicable threshold limits, as prescribed and amended from time to time.

- i)* 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 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 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 the Company as specified in Schedule XII of SEBI Listing Regulations.
- ii)* 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 the Company is a party but the Company 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 Company 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 the Company as specified in Schedule XII of SEBI Listing Regulations.

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.

The Audit Committee, at the time of approval of RPTs, shall take into consideration the certificate to be placed before it by the Chief Executive Officer or Chief Financial Officer or any other KMP of the Company, confirming that the RPT(s) to be entered into are not prejudicial to the interest of public shareholders of the Company and the terms and conditions of the proposed RPT(s) are not unfavourable to the Company, compared to terms and conditions, had similar transaction(s) been entered into with an unrelated party. This certificate shall be placed before the Committee in terms of the Industry Standards.

⇒ **Board of Directors and Shareholders' approval:**

In accordance with Section 188 of the Companies Act, 2013 and SEBI Listing Regulations, the Board of Directors and Shareholders of the Company shall accord prior approval for Related Party Transactions, subject to the following:

1. Board of Directors and Shareholders' approval in terms of Companies Act, 2013:

All Related Party Transactions, which are either not on arm's length basis or not in the Ordinary Course of Business shall be recommended by the Audit Committee for the approval of the Board of Directors.

Provided the transactions as prescribed below shall be further recommend by the Board of Directors for the approval of the Shareholders of the Company by way of Ordinary Resolution, as provided under Section 188 of the Companies Act, 2013 read with related rules issued thereunder:

Transaction covered	Transaction value
Sale, Purchase or supply of any goods or materials directly or through appointment of agent*	Amounting to 10 % or more of Turnover of the Company.
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 of the Company.
Leasing of property of any kind*	Amounting to 10 % or more of Turnover of the Company.
Availing or rendering of any services, directly or through appointment of agent*	Amounting to 10 % or more of 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 > Rs. 2.5lakhs.
Remuneration for underwriting the subscription of any securities or derivatives thereof, of the company*	>1% of Net Worth

* *The prescribed limits shall apply to such transaction(s), whether entered into individually or taken together with previous transaction(s) during a financial year. For the purpose of determining the applicable threshold limits, the turnover and net worth shall be considered in accordance with the provisions of the Companies Act, 2013 and the applicable Rules made thereunder.*

The prescribed limits shall be governed by the provisions of Section 188 of the Companies Act, 2013 and the relevant Rules framed thereunder, as amended from time to time, and any statutory modification(s), amendment(s), or re-enactment thereof shall be deemed to automatically apply to and modify the aforesaid applicable limits accordingly.

The concerned related party (ies) which are related to that transaction shall not vote to approve such relevant resolution.

In the case of a wholly owned subsidiary, the resolution passed by the holding company shall be sufficient for the purpose of entering into the transactions between the wholly owned subsidiary and the holding company.

1. Board of Directors and Shareholders' approval in terms of SEBI (LODR) Regulations, 2015:

The SEBI (LODR) Regulations, 2015 require a Company to provide materiality thresholds for transactions beyond which the shareholders' approval will be required by way of a resolution. The Company has fixed its materiality threshold at the level prescribed under Explanation to Regulation 23(1) of the Listing Regulations (w.e.f. 01/04/2022) Provided that a transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds the thresholds specified in Schedule XII of the SEBI (LODR) Regulations, 2015 or such other limit as may be specified in the applicable Regulation as amended from time to time. Accordingly, in terms of Regulation 23 of the Listing Regulations, all Material Related Party Transaction and subsequent material modifications as defined by the Audit Committee shall be recommended by the Board of Directors to the Shareholders for their approval by way of **ORDINARY RESOLUTION**.

No related party shall vote to approve such resolutions whether the Company is a related party to the particular transaction or not.

5. Exemption from obtaining approval in terms of the Listing Regulations:

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

- i. Transactions entered between two Public Sector Companies.
- ii. Transactions entered between Mafatlal Industries Limited and its wholly owned subsidiary, if any, whose accounts are consolidated with Mafatlal Industries Limited and placed before its shareholders at the general meeting for approval.
- iii. Transactions entered between two wholly owned subsidiaries of Mafatlal Industries Limited, if any, whose accounts are consolidated with Mafatlal Industries Limited and placed before the shareholders at the general meeting for approval.
- iv. Transactions which are in the nature of payment of statutory dues, statutory fees or

statutory charges entered between an entity on the one hand and the Central Government or any State Government or any combination thereof on the other hand.

- v. Transactions entered between a public sector company on the one hand and the Central Government or any State Government or any combination thereof on the other hand.

However, an approval of Audit Committee and Board of Directors/ Shareholders (to the extent applicable), as the case may be required for above listed transaction as per Section 177 and Section 188 of the Companies Act, 2013 read with the Rules made thereunder.

The Company shall avail of exemptions granted under sections 188, 177 of Companies Act, 2013 and/or the applicable provisions of The SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 as amended from time to time and after fulfilling conditions and requirements specified therein.

6. Ratification of Related Party Transactions

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: -

- a. The value of the ratified transaction(s) with a related party, whether entered individually or taken together, during a financial year shall not exceed rupees one crore.
- b. The transaction is not material in terms of the provisions of Regulation 23(1) of the SEBI Listing Regulations.
- c. Rationale for inability to seek prior approval for the transaction shall be placed before the Audit Committee at the time of seeking ratification.
- d. The details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of Regulation 23(9) of the SEBI Listing Regulations and any other conditions as directed 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 authorized by any other director, the director(s) concerned shall indemnify the Company against any loss incurred by it.

7. 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 pursuant to any statutory requirement, if any.
- ⇒ Further Related Party Transactions shall also be governed by Industry Standards on “Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions issued by SEBI vide circular no. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/93 dated 26th June, 2025, effective from 1st September, 2025 and as amended time to time.
- ⇒ Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- ⇒ The Company shall disclose this Policy on its website and a web link thereto shall be provided in the Annual Report. In addition to the above, the Company shall disclose related party transactions from time to time in the prescribed format as may be required by the statutory authorities.

8. Interpretation

- a. Any words used in this Policy but not defined herein shall have the same meaning as 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.
- b. In case of any dispute or difference between the meaning/interpretation of any word or provision in this Policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee in such a case shall be final. In interpreting such term /provision, the Audit Committee may seek the help of any of the officers of the Company or an outside expert as it deems fit.

9. Policy Review

This Policy is framed in accordance with the applicable provisions of the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements)

Regulations, 2015, and other applicable laws, rules, regulations, circulars, and guidelines in force from time to time. The provisions of this Policy shall be subject to, and shall be interpreted in accordance with, the aforesaid laws, rules, regulations, circulars, and guidelines.

Any statutory amendment, modification, clarification, substitution, or re-enactment of any applicable law, rule, regulation, circular, or guideline shall be deemed to have been incorporated herein automatically, and this Policy shall be read and construed accordingly, without requiring any further amendment into the Policy.

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.

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 incorporated 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 to the Policy as recommended by the Audit Committee would be presented for review and approval of the Board of Directors.

Approved by the Board on 29th March 2022 effective from 1st April 2022.

Reviewed by the Audit Committee and Board on 28th March 2024.

Reviewed and amended by the Audit Committee and Board on 4th February 2025.

Reviewed and amended by the Audit Committee and Board on 24th March 2026.