

Kingfa Science & Technology (India) Limited

Related Party Transactions Policy



This Policy was amended and approved by the Board of Directors at its meeting held on November 12, 2025 and is effective from November 12, 2025.

1. INTRODUCTION

Policy on Related Party Transactions and Materiality of Related Party Transactions (Approved by the Board of Directors on November 12, 2025 | Effective from November 12, 2025)

2. PURPOSE AND OBJECTIVE

This Policy defines the principles and procedures for Identifying, Reviewing, Approving, and Reporting all transactions between Kingfa Science & Technology (India) Limited (“the Company”) and its Related parties.

The intent of this Policy is to:

- Ensure compliance with the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- Establish a transparent framework for Identifying, Reviewing, Approving, and Monitoring related party transactions.
- Ensure that all such transactions are conducted at arm’s length, in the ordinary course of business, and in the best interest of the Company.
- Prevent conflicts of interest and protect the interests of the Company, its shareholders, and other stakeholders.
- Define roles, responsibilities, and approval processes for related party transactions, including the determination of their materiality.
- Promote good governance, fairness, and accountability in all dealings with related parties.

3. DEFINITIONS

- A. **“Act”** means Companies Act, 2013, including any statutory modification or re-enactment thereof.
- B. **“Arm’s Length Transaction”** A transaction is said to be on an arm’s length basis when both parties act independently and without any undue influence or pressure, as if they were unrelated.

In determining whether a transaction is on an arm’s length basis, the Company will compare the terms and pricing with those offered to or received from unrelated parties for similar transactions, considering market practices and independent valuation reports if required.

A transaction is said to be at arm’s length when:

- Both parties act independently and in their own interest
- There is no undue influence, favouritism, or conflict of interest
- The price and terms reflect market conditions

Common methods used include:

- Comparable Uncontrolled Price Method (comparison with market rates),

- Resale Price Method,
 - Cost Plus Method, or
 - Other fair valuation techniques accepted by law.
- C. **“Associate Company”** in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.
- D. **“Audit Committee or Committee”**: Audit Committee is the committee which is constituted by the Company pursuant to section 177 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 18 of the LODR.
- E. **“Board”** means Board of Directors of the Company.
- F. **“Body Corporate”** includes a company incorporated outside India, but does not include—
- (i) a co-operative society registered under any law relating to co-operative societies; and
 - (ii) any other body corporate (not being a company as defined in this Act), which the Central Government may, by notification, specify in this behalf;
- G. **“Control”** shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner;
- H. **“Compliance Officer”** means Company Secretary of the Company.
- I. **“Holding Company”** in relation to one or more other companies, means a company of which such companies are subsidiary companies;
- J. **“Industry Standards”** shall mean the Industry Standards on “Minimum information to be provided for Review of the Audit Committee and Shareholders for Approval of Related Party Transaction (RPT)” as notified by SEBI vide its circular dated February 14, 2025.
- K. **“Key Managerial Personnel” (“KMP”) in relation to a company, means –**
- (i) the Chief Executive Officer or the managing director or the manager;
 - (ii) the Company Secretary;
 - (iii) the Whole-Time Director;
 - (iv) the Chief Financial Officer;
- L. **“Material Related Party Transaction”** 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 rupees **one thousand crore or ten per cent** of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is **lower**.
- M. 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 **5% of the annual consolidated turnover** of the listed entity as per the last audited financial statements of the listed entity.

N. “Materiality Threshold” means limits for Related Party Transactions beyond which the shareholders' approval will be required as specified in Act and rules thereof and amendments thereto

O. Material Modification

A Material Modification refers to any change, amendment, or waiver in an already approved Related Party Transaction (RPT) that has a significant financial or operational impact.

A modification shall be considered material if it:

Alters **the transaction value by more than 20% of the amount** originally approved, or

Changes key terms such as price, tenure, payment terms, or scope, thereby affecting the nature of the transaction.

Materiality may also be determined qualitatively by the Chief Financial Officer (CFO) in consultation with the Chairperson of the Audit Committee.

P. “Net Worth” means the aggregate value of the paid-up share capital and all reserves created out of the profits securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation;

Q. “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.

R. “Ordinary course of business” if **transactions** satisfy any of the following criteria, such transactions will be generally in the ordinary course of business:

- a. The memorandum of Association of the Company should cover such transaction;
- b. There are previous instances of the Company having carried out such transaction;
- c. These transactions are frequent over a period of time;
- d. The transaction should be in furtherance of the business objectives of the Company;
- e. The transactions, if not frequent, are important to the business objectives of Kingfa Science & Technology (India) Limited. This is not exhaustive criteria and the Company should assess each transaction considering its specific type, nature, value and circumstances.

S. Related Party Related party", with reference to a company under section 2(76) of Companies Act, 2013 means—

- (i) a director or his relative;
- (ii) a key managerial personnel or his relative;
- (iii) a firm, in which a director, manager or his relative is a partner;
- (iv) a private company in which a director or manager or his relative is a member or director;
- (v) a public company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital;
- (vi) any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- (vii) any person on whose advice, directions or instructions a director or manager is accustomed to act

Statutory provisions governing Related Party:

- Section 2(76) of the *Companies Act, 2013*;
- Regulation 2(1)(zb) of the *SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015*; and
- Section 40A(2)(b) of the *Income Tax Act, 1961*.

T. "Relative" with reference to any person, means any one who is related to another, if-

- (i) they are members of a Hindu Undivided Family;
- (ii) they are husband and wife; or
- (iii) one person is related to the other in such manner as may be prescribed;

U. Related Party Transaction (RPT)

A Related Party Transaction (RPT) means any transfer of resources, services, or obligations between the Company and a Related Party, irrespective of whether a price is charged.

It includes, but is not limited to:

- Sale, purchase, or supply of goods or materials;
- Selling, buying, or leasing of property, movable or immovable;
- Availing or rendering of any services;
- Appointment of any agent for purchase or sale of goods, materials, services, or property;
- Borrowing, lending, or providing of funds, loans, or advances;
- Providing or obtaining guarantees, securities, or collateral;
- Transfer of intellectual property rights, technical know-how, or sharing of costs and expenses;
- Any arrangement for business restructuring, mergers, or transfer of shares or interests;
- Any transaction defined as a related party transaction under:
 - Section 188 of the *Companies Act, 2013*;
 - Regulation 2(1)(zc) read with Regulation 23 of the *SEBI (LODR) Regulations, 2015*; and
 - Section 40A(2)(b) of the *Income Tax Act, 1961*.

- V. **“Securities”** means the Securities as defined in clause (h) of Section 2 of the Securities Contracts (Regulations) Act, 1956.
- W. **“Subsidiary Company”** or **“Subsidiary”**, in relation to any other Company (that is to say the Holding Company), as per the sub-section (87) of Section 2 of the Act means a Company in which the Holding Company
- (i) Controls the composition of the Board of Directors; or
 - (ii) Exercises or controls more than 1/2 (one-half) of the total voting power either at its own or together with one or more of its Subsidiary Companies.
- X. **“Turnover”** shall have the same meaning as specified under section 2(91) of the Companies Act, 2013

4. INTERPRETATION

In case of any dispute or difference upon the meaning/interpretation of any provision in the 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.

5. MANNER OF DEALING WITH RELATED PARTY TRANSACTION

A. Identification of Related Parties

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 LODR.

B. Identification of Related Party Transactions

The Company has formulated guidelines for identification of related party transactions in accordance with Section 188 read with Section 177 of the Act and Regulation 2(1)(zc) of the LODR. The Company has also formulated guidelines for determining whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company will seek external expert opinion, if necessary.

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:

- (i) Material Related Party Transactions
- (ii) Other Related Party Transactions, but with promoter or promoter group or person/entity in which promoter or promoter group has concern or interest.
- (iii) Residual Related Party Transactions.

6. APPROVING AUTHORITY

A. Approval of Audit Committee:

All RPTs shall be referred to the Audit Committee for prior approval, irrespective of its materiality, whether at a meeting or by passing of a circular resolution.

Any subsequent material modifications shall also be referred to the Audit Committee for prior approval, whether at a meeting or by passing of a circular resolution. 'Material Modification' for the purpose of this clause shall mean those modification, amendment or waiver or supplement or consent that have a material impact on the cost or price or timing of a contract.

1. Quantitative Criteria (Material Modification)

Any modification which has the effect of amending the value of contract, in any respect, which exceeds 20% of the pre- approved related party transaction value or price of such transaction or contract;

2. Qualitative Criteria (Material Modification)

Any modification which the head of finance or Chief Financial Officer of the company, jointly with the Chairperson of the Audit Committee, determine to have a material effect.

Prior approval of the Audit Committee shall not be required for:

- (i) Related Party Transactions, where the listed subsidiary is a party, but the Company is not a party, and if Regulation 23 and Regulation 15(2) of LODR are applicable to such listed subsidiary.
- (ii) Related Party Transactions of unlisted subsidiaries of listed subsidiary of the Company, where the prior approval of the audit committee of the listed subsidiary is obtained.
- (iii) 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, provided that the same is not material in terms of the provisions of Regulation 23 of the LODR.

Members of the Audit Committee, who are independent directors, shall alone approve Related Party Transactions.

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.

B. Omnibus Approval

The Audit Committee may also grant omnibus approval for the Related Party Transactions proposed to be entered into by the Company, which are routine and repetitive in nature, if the transactions satisfy the following conditions: I. Such related party transactions are repetitive in nature. II. Specific need of such omnibus approval i.e. the transactions are in the best interest of the Company.

In terms of Regulation 23 (3) of the LODR, the Audit Committee may grant omnibus approval for the Related Party Transactions proposed to be entered into by the Company and such omnibus approval shall specify (a) the name/s of the related party, (b) nature of transaction, (c) duration/period of transaction, (d) maximum amount of transaction that can be entered into, (e) the indicative base price / current contracted price and the formula for variation in the price, if any and (f) such other conditions as the Audit Committee may deem fit. Additionally, the audit committee for approval of a proposed RPT, shall review minimum information about the RPTs as per the provisions of the Industry Standards. The audit committee shall also review the status of long term (more than one year) or recurring RPTs on an annual basis.

A related party transaction to which the subsidiary of a 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

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 Rupees One (1) crore per transaction.

In terms of Regulation 23 (3) (b) of the LODR, the Audit Committee may grant omnibus approval for the Related Party Transactions proposed to be entered into by the Company only after satisfying itself regarding the need for such omnibus approval and that such approval is in the interest of the Company.

In term of Regulation 23 (3) (e), the omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year. In case any member of the Committee is interested in any potential Related Party Transaction, such member shall abstain from voting when such transaction is being considered.

The Audit Committee for the purpose of the omnibus approval shall take into account the Criteria specified by the Board under Rule 6A of the Companies (Meetings of Board & Its Powers) Rules, 2014. Accordingly, the Board has in its meeting held on November 12, 2025 specified the following criteria which has been made part of this policy:

Sr. No	Particulars	Criteria
a)	The maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year.	₹1,000 crore or 10% of the annual consolidated turnover of the listed entity, whichever is lower; and in case of brand usage or royalty, if it exceeds 5% of the annual consolidated turnover as per the last audited financial statements of the listed entity
b)	The maximum value per transaction which can be allowed.	₹1,000 crore or 10% of the annual consolidated turnover of the listed entity, whichever is lower; and in case of brand usage or royalty, if it exceeds 5% of the annual consolidated turnover as per the last

		audited financial statements of the listed entity
c)	Extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval	(a) name of the related parties; (b) nature and duration of the transaction; (c) maximum amount of transaction that can be entered into; (d) the indicative base price or current contracted price and the formula for variation in the price, if any; (e) any other information relevant or important for the Audit Committee to take a decision on the proposed transaction; and (f) minimum information about the RPTs as per the provisions of the Industry Standards.
d)	Review at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each of the omnibus approval made.	Quarterly
e)	Transactions which cannot be subject to the omnibus approval by the Audit Committee.	Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.

These above limits may be reviewed periodically by the Audit Committee/Board based on business growth and applicable laws.

The Audit Committee shall review on a quarterly basis the details of Related Party Transactions entered into by the Company pursuant to omnibus approval.

C. Approval of the Board of Directors

All Material Related Party Transactions and subsequent material modifications which are subject to the approval of the shareholders of the Company shall require the approval of the Board at a meeting thereof. Further, all Related Party Transactions which are not in the ordinary course of business or not on an Arm's Length basis shall require the prior approval of the Board at a meeting thereof and required compliances prescribed under section 188 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time.

D. Approval of the Shareholders of the Company

All Material Related Party Transactions and subsequent material modifications under the LODR shall require approval of the shareholders by way of a resolution and all entities/individuals falling under the definition of "Related Parties" shall not vote to approve on such shareholders' resolution, whether such entities/individuals are a party to the transaction or not.

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.

7. DEEMED APPROVAL

The transactions or arrangements which are specifically dealt under the separate provisions of the Law and executed under separate approvals/procedures from relevant competent authority or committee shall be deemed to be approved under this Policy. Such transactions are enumerated below:

- a. Share based incentive plans for the benefits of the Directors or Key Managerial Personnel including ESOPs.
- b. Any benefits, interest arising to Related Party solely from the ownership of Company shares at par with other holders, for example, dividends, rights issues, stock split or bonus shares, subdivision or consolidation of securities, and buy-back of securities.
- c. Contribution with respect to Corporate Social Responsibility to eligible entity pursuant to approval of Board or the Corporate Social Responsibility Committee.
- d. 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.

8. EXEMPTION FROM OBTAINING APPROVAL FOR RELATED PARTY TRANSACTION UNDER THE LODR

As per the provisions of the Act and the sub-regulation (5) of Regulation 23 of the LODR, following transactions are exempted from obtaining prior approval of the Shareholders:

- transactions entered into between the 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.
- 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.
- 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.

In compliance with the section 177 of the companies act, 2013, all transactions with the related parties, including wholly-owned subsidiaries shall be undertaken with prior approval of the Audit Committee.

9. RATIFICATION OF THE RELATED PARTY TRANSACTION

Where any contract or arrangement is entered into by a director or employee of the company with related party without obtaining the consent of the Audit Committee. The members of the Audit Committee, who are independent directors, may ratify the related party transactions within 3 months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier. Ratification is subject to certain conditions as specified in the LODR. The failure to seek ratification of the audit committee shall render related party transactions 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 director, the director(s) concerned shall indemnify the Company against any losses incurred.

10. REPORTING OF RELATED PARTY TRANSACTIONS

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 not at arm's length basis along with the justification for entering into such transaction.

The Company shall place all the information, as specified in Industry Standards read with the provisions of LODR, Companies Act, 2013 as well as additional information specified by SEBI from time to time, for review of the Audit Committee while seeking prior approval of the RPTs.

The Company shall place all the information, as specified in Industry Standards read with the provisions of LODR, Companies Act, 2013 as well as additional information specified by SEBI from time to time, in the Statement to the notice being sent to shareholders seeking their approval for proposed RPTs as applicable.

The Company shall provide disclosure of the Related Party Transactions to stock exchanges where the Company's securities are listed, in the format as specified by the SEBI /stock exchanges from time to time and within statutory timelines. The Company shall simultaneously upload the disclosure at its website.

11. ARM'S LENGTH

Any transaction viz. sale/ purchase of products, goods, or availing/ rendering of services in the normal course of business would be levied upon applying appropriate methods viz. Comparable uncontrolled price (CUP), Resale price method (RPM), Cost plus method (CPM), Profit split method (PSM), Transactional net margin method (TNMM) or such other methods as may be adequate under applicable laws.

Contracts/ arrangements with Company's subsidiaries and group companies would result in Related Party Transactions. Generally, such contracts/ arrangements would be in the Ordinary Course of Business. Once such contracts/ arrangements are approved by the Audit Committee, transactions arising out of same would not be subject to evaluation when they are executed. The Chief Financial Officer of the Company is authorized to continuously monitor the process contained herein.

12. PROCEDURE

Chief Financial Officer of the Company will refer the Related Party Transactions to the Audit Committee for such approval and material Related Party Transactions to the Board for its

approval. Material RPTs after approval of the Board shall be taken up for approval of shareholders at a general meeting.

Chief Financial Officer of the Company will bring the deviations, to the Audit Committee/ Board for ratification.

13. POLICY REVIEW

Where the terms of this Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over this Policy and procedures until such time as this Policy is changed to conform to the law, rule, regulation or standard.

14. AMENDMENTS

The Company may amend the Policy as and when it deems necessary either pursuant to any change in law or otherwise. The Company shall be free to devise and implement any supplementary or other policies and guidelines in respect hereof for better implementation of this Policy.

15. DISCLOSURE

In terms of Regulation 23 of the LODR, the Company shall, in relation to a Related Party, make the following disclosures:

- a. Details of the Related Party Transactions during the quarter shall be disclosed in the Audit Committee. The Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given, if any.
- b. Details of all material transactions with related parties are to be disclosed quarterly along with the compliance report on corporate governance.
- c. The Company shall disclose the contract or arrangements entered into with the Related Party in the Board report to the shareholders.
- d. The Company shall make disclosures in terms of Regulation 23(9) of the LODR in the prescribed format.
- e. The Company shall disclose this Policy in the Annual Report by providing a web link to this Policy.

16. DISSEMINATION OF THE POLICY

The approved Policy shall be uploaded under a separate section on the website of the Company at www.kingfaindia.com