



POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS

1. Preface

The Board of Directors (the “**Board**”) of Yasho Industries Limited (the “**Company**”) has adopted the following Policy (the “**Policy**”) to determine Materiality of Related Party Transaction and also dealing with Related Party Transactions.

The Policy has been formulated in order to comply the provisions of the Companies Act, 2013 (the “**Act**”) and the Rules framed thereunder and Regulation 23 read with Schedule XII of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “**Listing Regulations**”), including amendments, circulars and Industry Standards on Minimum Information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions (“**Industry Standards**”).

2. Objective of the Policy

This Policy has been framed to provide the governance framework for approval / ratification and reporting of Related Party Transactions to be entered into by the Company with the Related Parties and to set out the thresholds for Related Party Transactions. The provisions of this Policy are designed to govern the transparency of approval process and disclosures requirements to accord fairness in the treatment of Related Party Transactions.

3. Definitions

- a. “**Listing Regulations**” means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
- b. “**Applicable Law**” means the Companies Act, 2013 and the rules made thereunder, the Listing Regulations and includes any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions.
- c. “**Holding Company**” in relation to one or more Companies means a Company of which such Companies are Subsidiary Company as per sub-section (46) of Section 2 of the Companies Act, 2013.
- d. “**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 Companies Act, 2013 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 Company.
- e. “**Wholly Owned Subsidiary**” means when a Company holds 100% of shares of another Company, the other Company is called a Wholly Owned Subsidiary of the Company who has made 100% investment in it.
- f. “**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.



Explanation. – For the purposes of this clause - (a) the expression "**Significant Influence**" means control of at least twenty percent of total voting power, or control of or participation in business decisions under an agreement; (b) the expression "**Joint Venture**" means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

- g. "**Audit Committee or Committee**" means a Committee of Board of Directors of the Company, as constituted from time to time under Section 177 of the Companies Act, 2013 read with Regulation 18 of the Listing Regulations.
- h. "**Board of Directors**" or "**Board**" means the Board of Directors of the Company.
- i. "**Control**" shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and as per Companies Act, 2013.
- j. "**Policy**" means this Related Party Transaction Policy.
- k. "**Key Managerial Personnel**" as defined under Section 2(51) of the Companies Act, 2013.
- l. "**Arm's Length Transaction**" shall have the meaning ascribed to such term under section 188 of the Companies Act, 2013.
- m. "**Related Party**" shall have the meaning ascribed to such term under Regulation 2(1) (zb) of the Listing Regulations and under sub-section (76) of Section 2 of the Companies Act, 2013.
- n. "**Relative**" shall have the meaning ascribed to such term under sub-section (77) of Section 2 of the Companies Act, 2013 and under Regulation 2(1) (zd) of the Listing Regulations.
- o. "**Related Party Transaction/s (RPT's)**" shall mean such transactions as specified under the Section 2 of the Companies Act, 2013 and the Rules made thereunder and Regulation 2(1)(zc) of the Listing Regulations, including any amendment or modification thereof, as may be applicable.
- p. "**Net Worth**" shall have the meaning ascribed to such term under sub-section (57) of Section 2 of the Companies Act, 2013.
- q. "**Turnover**" shall have the same meaning as specified under section 2(91) of the Companies Act, 2013.
- r. "**Ordinary course of business**" if transactions satisfy any of the following criteria, such transactions will be generally in the ordinary course of business:
 - i. The memorandum of Association of the Company should cover such transaction;
 - ii. There are previous instances of the Company having carried out such transaction;
 - iii. These transactions are frequent over a period of time;
 - iv. The transaction should be in furtherance of the business objectives of the Company;
 - v. The transactions, if not frequent, are important to the business objectives of the Company;
 - vi. The transactions are incidental to Chemical industry/ part of standard industry practice or but for which the business would be adversely affected.



This is not exhaustive criteria, and the Company should assess each transaction considering its specific type, nature, value and circumstances in accordance with the statutory requirements as may be amended from time to time and other industry practices and guidelines.

- s. **“Material Related Party Transaction/s”** shall be a transaction with a related party as specified under SEBI (LODR) Regulations 2015 and as amended from time to time. Accordingly, 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 as mentioned below or as amended from time to time: .

Consolidated Turnover	Materiality Threshold
Up to ₹20,000 crore	> 10% of consolidated turnover
₹20,001 - ₹40,000 crore	₹2,000 crore + 5% of turnover above ₹20,000 crore
Above ₹40,000 crore	₹3,000 crore + 2.5% of turnover above ₹40,000 crore, subject to a cap of ₹5,000 crore

Explanation: For computing the thresholds stated above, the annual consolidated turnover of the Company shall be determined based on the last audited financial statements of the Company.

- t. **“Material Modification”** means any modification, amendment or waiver or supplement or consent with respect to a related party transaction or contract which were approved by the Audit Committee / Board / Shareholders, as the case may be, which is likely to result in material impact on terms and timing of such transaction or contract including variation of more than 20% in the pre-approved related party transaction value or price of such transaction or contract.

4. 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.

The Audit Committee shall also approve any subsequent material modification of RPTs; if any. Further, any variations against the pre-approved transactions will be placed before the Audit Committee for ratification.

Omnibus Approval:

The Audit Committee may also grant omnibus approval for the Related Party Transactions proposed to be entered into by the Company or its subsidiary, 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 Listing Regulations, the Audit Committee may grant omnibus approval for the Related Party Transactions proposed to be entered into by the Company or its subsidiary and such omnibus approval shall specify:

- i. the name/s of the related party,
- ii. nature of transaction,
- iii. duration/period of transaction,
- iv. maximum amount of transaction that can be entered into,
- v. the indicative base price / current contracted price and the formula for variation in the price, if any and
- vi. such other conditions as the Audit Committee may deem fit.
- vii. Additionally, the audit committee for approval of a proposed RPT, shall review information as prescribed by the Master circular for compliance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

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 Listing Regulations, the Audit Committee may grant omnibus approval for the Related Party Transactions proposed to be entered into by the Company or its subsidiary 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) of the Listing Regulations, the omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

B. Approval of the Board of Directors

All Material Related Party Transactions 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.



C. Approval of the Shareholders of the Company

The following Related Party Transactions shall be subject to prior approval of Shareholders of the Company by way of a resolution:

- i. All Material Related Party Transactions;
- ii. Related Party Transactions, which are not in the ordinary course of business or not executed at an arm's length basis, exceeding the threshold limits as may be prescribed under the Section 188 Companies Act 2013 and the Rules made thereunder (as amended from time to time).

Explanation- (1) The turnover or net worth referred in the above sub-rules shall be computed on the basis of the audited financial statement of the preceding financial year.

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.

The explanatory statement to be annexed to the notice of a general meeting convened pursuant to section 102 of the Companies Act, 2013 shall contain the following particulars namely: -

- a) information as prescribed by the Master circular for compliance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and
- b) details pertaining to Companies (Meetings of Board and its Powers) Rules, 2014

5. RATIFICATION OF RELATED PARTY TRANSACTIONS

The Audit Committee, comprising 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 of the Listing Regulations;
- 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 of the Listing Regulations;
- v. any other condition as specified by the audit committee

Failure to seek ratification shall render the transaction voidable at the discretion of the Audit Committee. If the transaction involves a related party to any director or has been authorized by a director, the concerned director(s) shall be required to indemnify the company against any loss incurred due to the transaction.



6. Related Party Transactions involving Subsidiaries of the Company

- i. A 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 or the threshold for material related party transactions of Company as specified in Listing Regulations, as per the last audited financial statements of such subsidiary.
- ii. Prior approval of the Audit Committee of the Company shall not be required for a Related Party Transaction to which the listed subsidiary of the Company is a party but the Company is not a party, if Regulation 23 and Regulation 15 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended are applicable to such listed subsidiary of the Company.
- iii. For Related party transactions of unlisted subsidiaries of a listed subsidiary of the Company as referred above, the prior approval of the Audit Committee of the listed subsidiary of the Company shall suffice.

7. Minimum Information to be provided to the Audit Committee for approval (including ratification) of RPTs.

Effective from September 01, 2025, any Fresh Approval/Omnibus approval or any material modification to an existing Related Party Transactions which was approved by the Audit Committee prior to the applicability of the Industry Standards shall be treated as a new proposal and must comply with the minimum information and approval processes and specified format under the Industry Standards.

1. Transactions exceeding ₹ 1 Crore during a Financial Year but not exceeding the lower of 1% of Consolidated Turnover or ₹ 10 crore

For transaction with a related party, whether individually or taken together with previous transaction(s) during a financial year (including transaction(s) which are approved by way of ratification), do not exceed 1% of annual consolidated turnover of the Company as per the last audited financial statements of the Company or Rupees Ten Crore, whichever is lower, the Company shall provide 'Minimum information to the Audit Committee for approval of Related Party Transactions' specified in Annexure-13A of the SEBI Master Circular dated November 11, 2024 ("Master Circular") as in force and as may be revised or superseded from time to time.

2. Transaction exceeding the lower of 1% of Consolidated Turnover or ₹ 10 crore during a financial year

- (i) The information presented to the Audit Committee for review/approval of any proposed Related Party Transaction must include the minimum information specified under Part A, Part B and Part C (as applicable) of Para 4 of the Industry Standards.
- (ii) A certificate from Managing Director & Chief Financial Officer confirming that the terms of the Related Party Transactions proposed to be entered are in the interest of the Company.



- (iii) A copy of valuation report or other report issued by an external party, if any.
- (iv) If any redaction of confidential info is made in disclosures, the Audit Committee must certify that the redacted version still contains sufficient information for decision making.
- (v) Such other additional information as may be required by the Audit Committee, which is deemed necessary and reasonable, to evaluate the proposed RPT.

8. Minimum Information to be provided to the shareholders for approval of Material RPTs.

1. Transactions exceeding ₹ 1 Crore during a Financial Year but not exceeding the lower of 1% of Consolidated Turnover or ₹ 10 crore

For transaction with a related party, whether individually or taken together with previous transaction(s) during a financial year (including transaction(s) which are approved by way of ratification), do not exceed 1% of annual consolidated turnover of the Company as per the last audited financial statements of the Company or Rupees Ten Crore, whichever is lower, the Company shall provide 'Minimum information to the Audit Committee for approval of Related Party Transactions' specified in Annexure-13A of the SEBI Master Circular dated November 11, 2024 ("Master Circular") as in force and as may be revised or superseded from time to time.

2. Transaction exceeding the lower of 1% of Consolidated Turnover or ₹ 10 crore during a financial year

The explanatory statement annexed to the notice to shareholders for approval of any proposed Related Party Transaction, shall include disclosures as specified in Para 5 of the Industry Standards, including the following:

- i. The information placed before the Audit Committee to the extent applicable.
- ii. Justification of why the proposed Related Party Transaction is in the interest of the Company, basis of determination of price and other material terms and conditions of RPT.
- iii. Statement that the Audit Committee has reviewed the certificates provided by the Managing Director and CFO.
- iv. Disclosure that the material RPT or any material modification thereto, has been approved by the Audit Committee and the Board of Directors recommends the proposed transaction to the shareholders for approval.
- v. Copy/web link/QR code of valuation report or other reports by external party, if any.
- vi. Any other material information relevant to shareholders' decision.
- vii. The Company may make available a redacted version of information or reports as listed above. Such redacted version shall be approved by the Audit Committee and the Board of Directors who shall affirm that, in its assessment, the redacted disclosures still provides all the necessary information to the public shareholders for informed decision making

9. 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 Listing Regulations, following transactions are exempted from approval of shareholders:



- (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.

10. DEEMED APPROVAL

Transactions or arrangements that are governed by specific provisions of law and have received approval through separate procedures or from the relevant competent authority or committee shall be considered as approved under this Policy. Such transactions include, but are not limited to, remuneration and sitting fees paid by the Company or its subsidiary pursuant to the approval of the Nomination and Remuneration Committee, except in cases where the recipient is part of the promoter or promoter group. This deemed approval shall apply provided that the transaction is not classified as material under Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

11. 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.

12. Disclosures & Reporting

- i. This Policy shall be disclosed on the website of the Company and a web link to the policy shall be provided in the Annual Report.
- ii. A summary statement of Related Party Transactions entered into by the Company shall be submitted to the Audit Committee in quarterly meetings for information, review and noting.
- iii. The details of Related Party Transactions shall be disclosed in the Annual report of the Company, the Stock Exchanges and other regulatory bodies as per the provisions of Indian Accounting Standards, the Companies Act, 2013, Listing Regulations or any other applicable laws and regulations.
- iv. The Company shall submit disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website from the date of publication of its standalone and consolidated financial results for the half year as per Regulation 23 of the Securities and



Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015.

13. Review and amendments

- i. Based on the recommendations of the Audit Committee, the Board, may review or amend this Policy at any time without any prior intimation and establish further rules or procedures, periodically and as required under the Companies Act, 2013, Listing Regulations, to give effect to this Policy.
- ii. In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.
- iii. Further the Board of Directors or such Committee authorised by the Board shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board or such Committee authorised by the Board in this respect shall be final and binding. Further the said policy shall be reviewed by the Board of Directors or any Committee authorised by the Board at least once every three years and updated accordingly.

Any questions and clarifications relating to this Policy should be addressed to the Company Secretary at info@yashoindustries.com.

(This Policy was reviewed and modified on February 12, 2026.)