

## **POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND DEALING WITH RELATED PARTY TRANSACTIONS**

*[Pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended upto date]*

### **I. INTRODUCTION**

The Board of Directors (the “Board”) of Kvantum Papers Limited (the “Company”) has adopted this Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions (the “Policy”) in compliance with the requirements of Section 188 of the Companies Act, 2013 (the “Act”) and the rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (the “Listing Regulations”).

On 12 December 2024, SEBI notified the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2024, and inter alia amended Regulation 23 relating to related party transactions (“RPTs”). Further, SEBI, vide Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/93 dated 26 June 2025, issued Industry Standards, formulated by Industry Standards Forum (“ISF”) comprising of representatives from three industry associations, viz. ASSOCHAM, CII and FICCI, under the aegis of the Stock Exchanges, for “Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions” (“Industry Standards”), applicable with effect from 1 September 2025 and as modified from time to time.

On 18 November 2025, SEBI notified the SEBI (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2025, which further amended Regulation 23 with effect from 19 December 2025. Accordingly, this Policy has been amended to align with the aforesaid amendments, SEBI circulars and the Industry Standards.

This Policy has been formulated pursuant to Regulation 23(1) of the Listing Regulations and adopted by the Board based on the recommendation of the Audit Committee. The Audit Committee shall review this Policy periodically and recommend amendments to the Board, as may be required.

## **II. SCOPE AND PURPOSE OF THE POLICY**

### **A. Objective**

The objective of this Policy is to regulate transactions between the Company and its Related Parties in accordance with applicable laws and regulations and to ensure proper approval, disclosure and reporting of such transactions.

### **B. Applicability**

This Policy applies to all Related Party Transactions entered into by the Company and its subsidiaries, if any, as applicable, in accordance with the Act and the Listing Regulations.

### **C. Clarifications, Amendments and Updates**

This Policy shall be implemented in accordance with applicable law. Any amendment, clarification or circular issued by the relevant regulatory authority shall be deemed to be incorporated into this Policy. References to accounting standards shall mean the standards applicable at the relevant time.

## **III. DEFINITIONS**

- 3.1 “Act” means the Companies Act, 2013 and the rules made thereunder, as amended from time to time.
- 3.2 “Accounting Standards” means the accounting standards notified under Section 133 of the Act.
- 3.3 “Associate Company” means an associate company as defined under the Act and applicable Accounting Standards.
- 3.4 “Arm’s Length Transaction” means a transaction between related parties conducted as if they were unrelated.
- 3.5 “Audit Committee” means the Audit Committee of the Board constituted in accordance with applicable law.
- 3.6 “Board” means the Board of Directors of the Company.
- 3.7 “Body Corporate” shall have the meaning assigned under Section 2(11) of the Act.
- 3.8 “Company” means Kuantum Papers Limited.
- 3.9 “Control” shall have the meaning assigned under the Act and the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- 3.10 “Director” means a director of the Company appointed in accordance with the Act.
- 3.11 “Employees” means employees and office-bearers of the Company, including whole-time directors.

- 3.12 “Key Managerial Personnel” or “KMP” shall have the meaning assigned under Section 2(51) of the Act.
- 3.13 “Listing Regulations” means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
- 3.14 “Material Modification” means a variation of ten percent (10%) or more in the value, quantity, tenure or other material terms of an approved Related Party Transaction.
- 3.15 “Material Related Party Transaction” means a transaction or transactions with a Related Party which, individually or taken together with previous transactions during a financial year, exceed the materiality thresholds specified in Schedule XII of the Listing Regulations.

Provided that any transaction involving payments made to a Related Party towards brand usage or royalty shall be considered material if such transaction(s), individually or taken together with previous transactions during a financial year, exceed five percent (5%) of the annual consolidated turnover of the Company as per its last audited financial statements.

- 3.16 “Ordinary Course of Business” means transactions carried out in the normal routine of business operations of the Company.
- 3.17 “Office or Place of Profit” shall have the meaning assigned under the Act.
- 3.18 “Policy” means this Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions.
- 3.19 “Relative” shall have the meaning assigned under the Act and the Listing Regulations.
- 3.20 “Related Party” means a related party as defined under the Listing Regulations and applicable Accounting Standards.
- 3.21 “Related Party Transaction” or “RPT” means a related party transaction as defined under the Listing Regulations and Section 188 of the Act.
- 3.22 “Subsidiary” shall have the meaning assigned under Section 2(87) of the Act.
- 3.23 “Significant Influence” shall have the meaning assigned under applicable Accounting Standards.
- 3.24 “Industry Standards” means the standards prescribed by the Industry Standards Forum and mandated by SEBI from time to time.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation and as amended from time to time.

#### **IV. EXCEPTIONS TO RELATED PARTY TRANSACTIONS**

The following shall not be treated as Related Party Transactions for the purpose of this Policy:

- 4.1 Compensation to Directors or KMP in accordance with the Act, including reimbursement of business or travel expenses incurred in the ordinary course of business.
- 4.2 Reimbursement of expenses incurred by a Related Party on behalf of the Company.
- 4.3 Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.
- 4.4 The following corporate actions by the listed entity 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;
  - iv. buy-back of securities.
- 4.5 Retail purchases from Company/ subsidiary by the directors or KMP of the company/ subsidiary, and relatives without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees, directors, KMPs and their relatives
- 4.6 Any other transaction which is not treated or defined as a Related Party Transaction under SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015 or is exempt under the Act/Listing Regulations.

#### **V. APPROVAL OF RELATED PARTY TRANSACTIONS**

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

###### **5.1.1 General Requirement**

- i. All RPTs and subsequent material modifications thereto shall require prior approval of the Audit Committee of the Company, either at a duly convened meeting or by way of resolution by circulation.
- ii. Only Independent Directors who are members of the Audit Committee shall approve RPTs.

### **5.1.2 Transactions involving Subsidiaries**

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 the threshold limits specified under Regulation 23(2)/Schedule XII , as may be applicable, of SEBI LODR Regulations, as amended from time to time.

### **5.1.3 Listed and Unlisted Subsidiaries**

- i. Prior approval of the Audit Committee of the Company shall not be required for RPTs to which a listed subsidiary is a party, but the Company is not a party, provided Regulation 23 and Regulation 15(2) of the Listing Regulations are applicable to such listed subsidiary.
- ii. For RPTs of unlisted subsidiaries of such listed subsidiary, approval of the Audit Committee of the listed subsidiary shall suffice.

### **5.1.4 Exemptions**

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

- i. RPTs between the Company and its wholly-owned subsidiaries, or between two wholly-owned subsidiaries, whose accounts are consolidated with the Company and placed before shareholders at the General Meeting;
- ii. Transactions involving payment of statutory dues, statutory fees or statutory charges with the Central Government or State Government;
- iii. Remuneration and sitting fees paid to Directors, Key Managerial Personnel or Senior Management (other than promoters or promoter group), provided such remuneration is not material under the Listing Regulations.

### **5.1.5 Remuneration Requiring Approval**

Prior approval of the Audit Committee shall be required for remuneration and sitting fees paid by the Company or its subsidiary to Directors, Key Managerial Personnel or Senior Management forming part of the promoter or promoter group, or

where such remuneration is material.

#### **5.1.6 Omnibus Approval**

The Audit Committee may grant omnibus approval for repetitive RPTs in accordance with this Policy and applicable law, subject to the following conditions:

- i. The Audit Committee shall lay down criteria for granting such approvals and satisfy itself that the omnibus approval is in the interest of the Company;
- ii. The omnibus approval shall specify the name of the related party, nature and period of the transaction, maximum transaction value, pricing basis and such other conditions as may be deemed fit;
- iii. Where the need for an RPT cannot be foreseen, omnibus approval may be granted for transactions not exceeding ₹1 crore per transaction;
- iv. Omnibus approvals shall be reviewed by the Audit Committee at least on a quarterly basis;
- v. Omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approval thereafter.

#### **5.1.7 Ratification of RPTs**

The Independent Directors on the Audit Committee may ratify RPTs within three months from the date of the transaction or at the immediately succeeding Audit Committee meeting, whichever is earlier, provided that:

- the value of such transaction(s) does not exceed ₹1 crore in a financial year;
- the transaction is not material under the Listing Regulations;
- reasons for not obtaining prior approval are placed before the Audit Committee;
- details of ratification are disclosed in accordance with the Listing Regulations; and
- such other conditions as may be specified by the Audit Committee are satisfied.

Failure to seek ratification shall render the transaction voidable at the option of the Audit Committee, and concerned directors shall indemnify the Company against any loss incurred.

### **5.1.8 Information to Audit Committee**

The Company shall place before the Audit Committee all information as prescribed under the SEBI Industry Standards on “Minimum Information to be Provided to the Audit Committee and Shareholders for Approval of Related Party Transactions” and the Company shall comply with the approval process for transactions alongwith their limits as may be specified in SEBI Listing Regulations /Master Circulars /Circulars/Amendments.

## **5.2 Board of Directors Approval**

- i. All RPTs requiring Board approval under Section 188 of the Companies Act, 2013 shall be placed before the Board after Audit Committee approval.
- ii. Where the Audit Committee determines that an RPT is:
  - **in the ordinary course of business and at arm’s length**, the Board shall consider the recommendations of the Audit Committee and any other relevant factors;
  - **not in the ordinary course of business and/or not at arm’s length**, the Board shall consider the justification for the transaction, applicable thresholds and any other relevant factors. So All transactions with Related Parties specified under Section 188 of the Companies Act, which are not in ordinary course of business or not at arm’s length, or both shall require approval of the Board duly recommended by the Audit Committee:
- iii. All transactions with Related Parties which are required to be placed before the shareholders for approval under the Companies Act or SEBI LODR Regulations.
- iv. Any subsequent material modification to the material RPT, which has been earlier approved by the Shareholders.

## **5.3 Shareholders’ Approval**

### **5.3.1 Approval under Companies Act, 2013/SEBI Listing Regulations**

- i. All Material Related Party Transactions and any subsequent Material Modifications made thereto shall require prior approval of the shareholders through a resolution and no Related Party shall vote to approve such resolutions whether the Company is a

Related Party to the particular transaction or not.

- ii. All Related Party Transactions specified under Section 188 of the Companies Act, which are not in ordinary course of business or not on arm's length basis and exceed the threshold limits specified thereunder shall require prior approval of the shareholders through a resolution and voting restrictions for this purpose would be governed by the Companies Act and SEBI Listing Regulations as amended from time to time. The validity of the omnibus approval or other approvals granted by the shareholders for material related party transactions shall be as per Regulation 23(4) of SEBI Listing Regulations and/or Companies Act, 2013, as amended from time to time.

### **5.3.2 Exemptions**

Shareholders' approval shall not be required for:

- i. RPTs involving a listed subsidiary where Regulation 23 and Regulation 15(2) are applicable;
- ii. RPTs between the Company and its wholly-owned subsidiaries, or between two wholly-owned subsidiaries, whose accounts are consolidated and placed before shareholders;
- iii. RPTs pursuant to a resolution plan approved under Section 31 of the Insolvency and Bankruptcy Code, subject to disclosure to stock exchanges.

### **5.3.3 Disclosure**

Notices seeking shareholders' approval for RPTs shall include disclosures as required under the Companies Act, Listing Regulations and the applicable Industry Standards.

## **VI. RELATED PARTY CONTRACTS ENTERED WITHOUT PROPER APPROVAL**

Where any contract or arrangement is entered into by a Director or any other employee of the Company without obtaining the approval of the Board of Directors or, where required, the approval of the shareholders by way of a resolution in the General Meeting, and such contract or arrangement is not ratified by the Board or the shareholders, as the case may be, within three (3) months from the date of entering into such contract or arrangement, the same shall be voidable at the option of the Board or the shareholders, as applicable.

Where such contract or arrangement is entered into with a related party of any Director, or is authorised by any Director, the concerned Director(s) shall indemnify the Company against any loss incurred by the Company as a result thereof.

## **VII. PROCEDURE FOR RELATED PARTY TRANSACTIONS**

### **1. Disclosure of Interest**

Every Director and Key Managerial Personnel (“KMP”) of the Company shall, at the beginning of each financial year, disclose to the Company the nature of their interest or concern (including that of their relatives) in such form and manner as prescribed under the Companies Act, 2013. Any change in such disclosures shall be promptly intimated to the Company.

### **2. Recusal and Abstention**

The Director or KMP concerned shall not participate in the discussion or vote on any Related Party Transaction (“RPT”) placed before the Audit Committee or the Board. Only Independent Directors who are members of the Audit Committee shall approve RPTs.

### **3. Restriction on Voting by Related Parties**

No member of the Company shall vote on any resolution for approval of an RPT if such member is a related party to the transaction.

### **4. Reporting of Proposed Transactions**

Prior to entering into any transaction with a related party, the details of the proposed transaction shall be submitted to the Management along with all relevant supporting documents, including comparable quotations, invoices, valuation reports or other justifications, as applicable.

### **5. Identification of RPTs**

The Management shall determine whether a proposed transaction constitutes an RPT and assess the applicable compliance requirements under this Policy, the Act and the Listing Regulations.

### **6. Audit Committee Review and Approval**

Once a transaction is identified as an RPT, all relevant details shall be placed before the Audit Committee for prior approval. The Audit Committee shall review the proposed RPT, taking into account all relevant factors and ensuring that disclosures as prescribed under the

Listing Regulations and SEBI Industry Standards are provided.

The information to be placed before the Audit Committee shall be as required under SEBI Listing Regulations, Companies Act, 2013 Industry Standards and as per any other applicable provisions, as amended from time to time., inter alia, include:

**7. Review of Continuing Transactions**

The Audit Committee shall review the status of long-term or recurring RPTs (having a tenure of more than one year) at least on an annual basis.

**8. Unapproved RPTs**

In the event an RPT has been entered into without prior approval under this Policy, the details shall be placed before the Audit Committee and the Board. The Audit Committee shall examine the facts and circumstances and may recommend ratification, modification or termination of such transaction and take appropriate action for non-compliance, as deemed fit.

**9. Shareholders' Approval Notice**

Any notice sent to shareholders seeking approval of an RPT shall, in addition to the requirements under the Companies Act, 2013, include disclosures as specified under the applicable Industry Standards, forming part of the explanatory statement.

## **VII. DISCLOSURE**

This Policy on Related Party Transactions shall be disclosed on the website of the Company and the web-link thereto shall be provided in the Annual Report of the Company.

The Company shall comply with all disclosure requirements relating to RPTs as prescribed under the Companies Act, 2013, the Rules made thereunder and the SEBI Listing Regulations, as amended from time to time.

## **IX. AMENDMENT**

The Board of Directors reserves the right to amend, modify or supplement this Policy, in whole or in part, upon the recommendation of the Audit Committee, in accordance with applicable laws or as may be deemed necessary in the best interest of the Company.