Policy on Determining Materiality and dealing with Related Party Transactions

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1. Scope and Purpose of the Policy

The Board of Directors (the "Board") of the Company recognizes the importance of stakeholders' interest and their trust in the Company. To uphold this confidence and ensure transparent mechanism that avoids potential or actual conflict of interest on transactions with related parties, Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 ("**Act**") read with the Rules framed thereunder and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("**SEBI Listing Regulations**") **Quality RO Industries Limited** (hereinafter referred to as '**the Company'**), has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

Regulation 23(1) of the SEBI Listing Regulations requires a company to formulate a policy on materiality of related party transactions and dealing with related party transactions.

In light of the above, Quality Ro Industries has framed this Policy on Related Party Transactions ("Policy"), This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee. Going forward, the Audit Committee would review and amend the Policy, as and when required, subject to the approval of the Board of Directors ("Board").

2. Objective of the Policy

The objective of this Policy is to set out:

1. The basis of identifying related parties of the Company as well as related party transactions.
2. The materiality thresholds for related party transactions.
3. The manner of dealing with the transactions between the Company and its related parties based on the Act, SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company.
4. Lay down the guiding principles and mechanism to ensure proper approval, disclosure and reporting of transactions as applicable, between the Company and any of its related parties in the best interest of the Company and its stakeholders.

3. Definitions

All terms used in this Policy shall have the meaning as assigned to them under the Act and the Rules made thereunder, SEBI Listing Regulations, and applicable Accounting Standards, as amended from time to time.

i. "**Board**" means the Board of Directors of the Company.

ii. "**Act**" means the Securities and Exchange Board of India Act, 1992.

iii. "**Companies Act**" means the Companies Act, 2013 read with rules issued thereunder from time to time and includes any statutory modifications or re- enactments thereof.

iv. "**Company**" shall mean Quality Ro Industries Limited [CIN: L29308GJ2021PLC126004], a Company incorporated under the Companies Act, 1956 and having its Registered Office at Plot No. 09, Por Industrial Park, NH 08 Behind Sahyog Hotel, Village Por Vadodara GJ 391243.

v. **"Arm's Length Transaction"** means a transaction between two related parties that is conducted as if they were unrelated parties, so that there is no conflict of interest;

vi. **"Audit Committee"** shall mean the audit committee constituted by the Board from time to time, in accordance with the provisions of the Act and the SEBI Listing Regulations;

vii. **"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;

viii. **"Key Managerial Personnel" or "KMP"** shall have the same meaning as defined under Section 2(51) of the Companies Act, 2013.

ix. **"Material Related Party Transaction"** shall have the same meaning as defined in Regulation 23 of the SEBI Listing Regulations;

x. "**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.

xi. **"Related Party"** shall have the same meaning as defined under Section 2(76) of the Act and Regulation 2(1)(zb) of the SEBI Listing Regulations. Reference and reliance may be placed on the clarification issued by the Ministry of the Corporate Affairs, Government of India and SEBI and other Authorities from time to time on the interpretation of the term "Related Party".

xii. **"Relative"** in relation to a related party shall have the same meaning assigned to in Section 2(77) of the Act.

xiii. **"Related Party Transaction"** is a transfer of any resources, services or obligations between the Company and a related party, regardless of whether a price is charged, and shall have the meaning as defined under Regulation 2(1)(zc) of the SEBI Listing Regulations or as envisaged in Section 188 of the Act, including any amendment or modification thereof, as may be applicable.

xiv. **"SEBI Listing Regulations"** means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any modifications, amendments, clarifications, circulars or re- enactments thereof.

xv. **"Transaction"** A transaction with a related party shall be construed to include a single transaction or a group of transactions in a contract.

xvi. "**Subsidiary Company**" shall have the same meaning as defined under Section 2(87) of the Companies Act, 2013.

Any other words and expressions used and 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.

4. Materiality Threshold:

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 fifty 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.

MANNER OF DEALING WITH AND APPROVAL OF RELATED PARTY TRANSACTIONS

A. Approval of related party transactions by Audit Committee:

All related party transactions should be referred to the Audit Committee of the Company for approval irrespective of its materiality, except for transactions entered into between the holding company and its wholly owned subsidiaries. The Audit Committee shall also approve any subsequent modification(s) to related party transactions.

The Audit Committee shall consider the following while determining approval to related party transactions-

i. Nature of relationship with related party;
ii. Nature, duration, material terms, monetary values and particulars of the contract or arrangement;
iii. Any advance paid or received for the contract or arrangement, if any;
iv. The manner of determining the pricing and other commercial terms, both included as part of the contract and not considered as part of the contract;
v. Whether the transaction is in the ordinary course of business and at arm's length basis; and
vi. Any other information relevant or important for the Audit Committee/Board to take a decision on the proposed transaction.

Omnibus approval for related party transactions

The Audit Committee may grant omnibus approval for related party transactions and such approval shall be applicable in respect of transactions which are repetitive in nature.

The Audit Committee shall grant omnibus approval as per following criteria:

i. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.
ii. The omnibus approval shall provide:
    a. the name/s of the related party, nature of transaction, period of transaction;
    b. maximum amount of transaction that can be entered into;
    c. basis for arriving at the contracted price as per the Company's standard operating procedure;
    d. Specific reason for entering into contract with the related party;
    e. Any other information relevant or important for the Audit Committee to take decision.
iii. However, in case of related party transactions which cannot be foreseen and where the above details are not available, Audit Committee may grant omnibus approval provided the value does not exceed Rs.1 crore per transaction.

Audit Committee shall review, at least on a quarterly basis, details of related party transactions entered into by the Company pursuant to each of the omnibus approval given.

Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

Omnibus approval shall not be granted in respect of selling and disposing of the undertaking of the Company.

B. Approval of the Board of Directors

In accordance of provisions of Section 188 of the Act, all related party transactions specified under the said section and which are not in the ordinary course of business or are not at arm's length shall be required to be placed before the Board for its approval.

C. Approval of the Shareholders

i. All transactions with a single related party during a financial year aggregating to exceeds Rupees fifty crore or over 10% of the last annual consolidated turnover of the Company as per the last audited financial statements of the listed entity, whichever is lower, will require approval of shareholders through resolution.

ii. In addition to the above, the following transactions which are not in the ordinary course of business or are not at arm's length shall require approval by shareholders by way of a resolution.

Details of transactions to be entered individually or taken together during a financial year	**Minimum threshold requiring Shareholders Approval**		
	Annual Turnover exceeding	**Net Worth exceeding**	**Value of transaction(s) exceeding**
Sale, purchase or supply of any goods or material directly or through appointment of agent	10%	-	-
Selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agent	-	10%	-

Leasing of property of any kind	10%	-	-
Availing or rendering of any services directly or through appointment of agent	10%	-	-
Appointment to any office or place of profit in the company, its subsidiary companies or associate companies at a monthly remuneration	-	-	Remuneration upto Rs. 2.50 Lakh
Remuneration for underwriting the subscription of any security or derivatives thereof of the company	-	1%	-

The approval of shareholders will not be required for transactions entered into between the holding company and its wholly owned subsidiaries.

iii. The turnover or net worth shall be on the basis of the Company's audited financial statements for the preceding financial year.

5. Related Party Transaction not approved under this Policy:

i. Any transaction carried out without appropriate approval of the Audit Committee in accordance with this policy will be reviewed by it.

ii. The Audit Committee shall examine the facts and circumstances pertaining to failure to report and any failure of the systems. The Committee shall take such action as it deems appropriate, including ratification, revision or termination of such related party transaction.

iii. The Audit Committee may require further approval of the Board or Shareholders, if necessary.

6. Register, Disclosures and Reporting

i. All the Directors and KMP from time to time as prescribed under the act, shall be required to make appropriate disclosure to the company under the Act the particulars relating to his/her concern or interest in any company, or companies or bodies corporate, firms, or other associations of individuals.
ii. The company shall keep and maintain a register, physically or electronically, as may be decided by the board of directors, giving separately the particulars of all contracts or arrangements to which the policy applies.
iii. Appropriate disclosures as required under the Act and the Listing Regulations will be made in the Annual Return, Board's Report and to the Stock Exchanges.

As prescribed under the SEBI Listing Regulations, this Policy shall be disclosed on the Company's website viz. www.qualityro.in

7. Policy Review:

The adequacy of this Policy shall be reviewed and reassessed by the Committee periodically and at least once in three years and appropriate recommendations shall be made by the

Audit Committee to the Board to update the Policy based on the changes that may be brought about due to any regulatory amendments or otherwise.

8. Limitation, Review and Amendment:

In the event of any conflict between the provisions of this Policy and the applicable provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), Industrial Standards or any other prevailing legal requirements ("Applicable Law"), the provisions of the Applicable Law shall prevail.

Any subsequent amendments or modifications to the Applicable Law shall be deemed to be incorporated into this Policy and shall apply automatically without requiring further approval.

9. Contact Details:

Any questions or clarifications about the policy or disclosures made by the Company should be referred to the Company Secretary, who is in charge of administering, enforcing and updating this policy.

Quality Ro Industries Limited

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**This Policy has been adopted and approved by the Board of Directors at its meeting held on May 29, 2026.*

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