

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

**1. PURPOSE**

This policy aims to determine the materiality of Related Party Transactions ('RPTs') and to deal with RPTs of Perfectpac Limited (the 'Company').

This policy is prepared in accordance with Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations') as amended and Section 177 and 188 of the Companies Act, 2013 (the 'Act') read with the Rules made thereunder.

**2. DEFINITIONS**

a) 'Related Party' and 'Related Party Transactions' shall have the meanings ascribed to them under the Companies Act, 2013 and the Listing Regulations.

b) Modification of a Related Party Transaction shall be considered material if value of the modification exceeds 10% of the transaction value approved by the Committee.

**3. APPROVALS AND REVIEW**

All RPTs in which the Company is a party and any modification/ renewal thereof shall require prior approval of the Audit Committee (the 'Committee').

Also, material modifications in the RPTs in which the Company is not a party but a subsidiary of the Company is a party shall require prior approval of the Committee.

Further, members of the Committee who are Independent Directors shall approve RPTs.

a) The Committee shall grant omnibus approval for RPTs proposed to be entered into by the Company, subject to the following conditions:

(i) The proposed RPTs are repetitive in nature and the Committee is satisfied that such omnibus approval is in the interest of the Company;

(ii) Omnibus approval shall be granted for RPTs on the basis of the following criteria:-

- Maximum value of RPTs that can be allowed under the omnibus approval route, in a financial year shall not exceed 20% of the turnover on the basis of audited consolidated financial statements of the Company for the preceding financial year.
- Maximum value per Related Party in a financial year shall not exceed 10% of the turnover on the basis of audited consolidated financial statements of the Company for the preceding financial year.

- RPTs which cannot be foreseen and where the details prescribed in the criteria for seeking omnibus approval are not available, the Committee may grant omnibus approval upto Rs. 1 crore per transaction.

b) Related Party Transactions of Subsidiary companies:

RPTs of subsidiary companies to which the Company is not a party, shall also require prior approval of the Committee, if the value of such transactions whether entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual standalone turnover, as per the last audited financial statements of the relevant subsidiary.

c) The Committee shall prescribe the following:

- (i) Disclosures to be made to the Committee at the time of seeking approval for the proposed RPTs which shall be aligned to the format prescribed under the applicable laws;
- (ii) Periodicity of review of RPTs entered into by the Company pursuant to the omnibus approval;
- (iii) Transactions which shall not be allowed under the omnibus approval route as mentioned in clause (e);
- (iv) Period of validity of omnibus approval which shall not exceed one financial year.

d) Every RPT which is 'Material and subsequent material modifications' as defined in Para 2 and 4 of this Policy, shall require prior approval of the shareholders. No Related Parties shall vote to approve the relevant transaction, irrespective of whether they are party to the particular transaction or not.

e) All RPTs prescribed under Section 188 of the Act which are either not in the ordinary course of business or are not at arm's length basis, shall require prior approval of:

- (i) Board; and
- (ii) Shareholders, if amount of such transactions exceeds the limits prescribed in Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014. No Related Party shall vote to approve such transaction.

f) All RPTs including RPTs approved through omnibus approval, shall be reviewed post facto by the Committee on a quarterly basis. The Committee shall be informed whether the RPTs have been entered into in the ordinary course of business and on arm's length basis.

#### **4. RATIFICATION OF 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) Value of the ratified transaction with a related party, entered into individually or taken together, during a financial year shall not exceed Rs. 1 crore;
- b) Transactions is not material in terms of this policy;
- c) Rationale for inability to seek prior approval for the transaction shall be placed before the Committee at the time of seeking ratification;
- d) Ratification shall be disclosed along with RPT that is submitted to the stock exchange;
- e) any other condition as specified by the Committee.

Provided that failure to seek ratification of the Committee shall render the transaction voidable at the option of the Committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the Company against any loss incurred by it.

#### **5. MATERIAL RELATED PARTY TRANSACTIONS**

Pursuant to the provisions of Regulation 23 of the Listing Regulations, a transaction with a related party shall be considered 'Material' if the transaction to be entered into individually or taken together with previous transactions during a financial year exceeds Rs. 1000 Crore or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company whichever is lower.

Pursuant to the provisions of Regulation 23(1A) of the Listing Regulations, 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, exceeds 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

#### **6. TRANSACTIONS WITH WHOLLY OWNED SUBSIDIARIES**

Provisions of Para 3 [a, b, c, d & f] of this Policy shall not be applicable to the following transactions of the subsidiary companies whose accounts are consolidated with the accounts of the Company and placed before the shareholders at the general meeting for approval: -

- a) Transactions of the Company with a wholly-owned subsidiary subject to compliance with the provisions of Section 177 read with Section 188 of the Act.
- b) Transactions entered into between two wholly-owned subsidiaries of the Company.

## **7. DISCLOSURES**

a) Particulars of RPTs shall be disclosed in such manner and within such timelines as prescribed under the Listing Regulations and/or the Act (including rules made thereunder), from time to time.

b) This Policy shall be disclosed on the Company's website [www.perfectpac.com](http://www.perfectpac.com) and a web link thereto shall be provided in the Annual Report of the Company.

## **8. RELATED PARTY TRANSACTIONS THAT SHALL NOT REQUIRE APPROVAL UNDER THIS POLICY**

Following Related Party Transactions shall not require any separate approval under this Policy:-

a) Any transaction pertaining to remuneration and sitting fees paid by the Company or its subsidiary to its Director, KMP or senior management, except who is part of promoter or promoter group, provided the same is not material in terms of Para 5 of the Policy and the reimbursement of business and travel expenses of Directors and KMPs incurred in the ordinary course of business;

b) Contribution towards Corporate Social Responsibility (CSR) within the overall limits approved by the Board that require approval of the Corporate Social Responsibility Committee;

c) Payment of Dividend;

d) Transactions involving corporate actions/restructuring such as buy-back of shares, subdivision or consolidation of securities and issuance of securities by way of a rights issue or a bonus issue;

e) Any other exemption granted by Ministry of Corporate Affairs or SEBI from time to time.

## **9. APPLICABILITY, REVIEW AND AMENDMENT**

Applicable provisions of the Companies Act, 2013 and the Listing Regulations pertaining to Related Party Transactions and dealing with Related Party Transactions which are not specifically covered in this Policy shall be deemed to form part of this Policy.

The Board shall review the Policy at least once in every three years. The Board may amend, abrogate, modify or revise any or all provisions of this Policy. However, amendments in the Act or in the Listing Regulations shall be binding even if not incorporated in this Policy.

---

*This Policy was approved by the Board of Directors of the Company at its meeting held on May 28, 2015 and has been revised on February 07, 2017, May 14, 2019, February 04, 2022 and February 03, 2025 on recommendations of the Audit Committee. This revised Policy shall be effective from February 03, 2025.*