

## **RELATED PARTY TRANSACTIONS POLICY**

Adopted by the Board on 09/11/2015 & applicable w.e.f. 01/12/2015

---

### **1. INTRODUCTION:**

A related-party transaction (RPT) refers to a transaction between two parties who are joined by a special relationship prior to the transaction; the transaction could be a business deal, a single or a series of financial contracts, or an arrangement. RPTs include granting loans, writing off loans and dues, selling assets to a related entity for a price significantly below the market price, and so on.

The Board of Directors (the "Board") of PG Electroplast Limited (the "Company" or "PGEL"), recognizes that RPT ("RPT") can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company's and its stockholders' best interests.

The Board of Directors of the Company has adopted this Policy upon the recommendation of the Audit Committee and the said Policy includes the materiality threshold(s) and the manner of dealing with Related Party Transactions ("Policy") in compliance with the requirements of the Act and the Listing Regulations, as amended from time to time.

### **2. SCOPE & OBJECTIVE:**

This policy applies to all the transactions with related parties as defined under section 2(76) of the Companies Act, 2013 and regulation 2(1)(zb) of SEBI listing regulations and other applicable accounting standards. Audit committee may review and amend the policy periodically subject to the approval of board to reflect regulatory changes.

The objective of this Policy is to set out (a) the materiality thresholds for related party transactions and; (b) the manner of dealing with the transactions between the Company and its related parties including clear threshold limits duly approved by the Board of Directors of the Company.

### **3. DEFINITIONS:**

Any words used in this Policy shall have the same meaning as prescribed to it in SEBI (Listing Obligations and Disclosure requirements) Regulation, 2015 or the Companies Act, 2013 or Rules made thereunder, or SEBI Act, Rules and Regulations made thereunder.

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

**"Audit Committee or Committee"** means Committee of Board of Directors of the Company constituted in accordance with provisions of the Listing Regulations and the Companies Act.

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

**"Key Managerial Personnel"** means key managerial personnel as defined under the Companies Act.

**"Material Related Party Transaction"** means a material transaction with a Related Party as defined under Section 23(1) of the Listing Regulations.

**"Ordinary course of business"** means such transaction as may be so determined based on the guiding principles set down under Appendix A, which may be amended from time to time in accordance with the statutory requirements and other industry practices and guidelines.

**"Policy"** means this Related Party Transaction Policy.

**"Related Party"** means related party as defined under Section 2(76) of the Companies Act and Regulation 2(1)(zb) of the Listing Regulations, read with amendments issued from time to time which is as follows:

- As per Section 2(76) of the Companies Act, Related Party means as defined under section 2(76) of Companies Act
- Applicable Accounting Standards
- Any person or entity
  - forming a part of the promoter or promoter group of the listed entity; or
  - holding equity shares of 20% or more either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediately preceding financial year [w.e.f April 1, 2022]; 10% or more [w.e.f April 1, 2023].

**Beneficial interest** basis includes parties

- Directly or indirectly, through any contract, arrangement or otherwise,
- The right or entitlement of a person alone or together with any other person to –
  - Exercise or cause to be exercised any or all of the rights attached to such share; or
  - Receive or participate in any dividend or other distribution in respect of such share

**"Related party"**, with reference to a company, 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 (and holds) is a director or 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 under whose advice, directions or instructions a director or manager is accustomed to act:  
Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice,  
directions or instructions given in a professional capacity;
- (viii) any company which is –
- a holding, subsidiary or an associate company of such company; or
  - a subsidiary of a holding company to which it is also a subsidiary;
  - An investing company or the venture of the company.  
(Explanation-For the purpose of this clause, "the investing company or the venture of a company" means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.
- (ix) such other person as may be prescribed;

#### Section 2(1)(zb) of the Listing Regulations

An entity shall be considered as related to the company if:

- such entity is a related party under Section 2(76) of the Companies Act: or
- such entity is a related party under the applicable accounting standards.

**"Related Party Transaction"** means a related party transaction as defined under Regulation 2(1)(zc) of the Listing Regulations read with amendments issued from time to time which is as follows:

#### Section 2(1)(zc) of the Listing Regulations

**"Related Party Transaction"** means a transaction involving a transfer of resources, services or obligations between:

- a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries, with effect from April 1, 2023;

regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract and includes:

- sale, purchase or supply of any goods or materials;
- selling or otherwise disposing of, or buying, property of any kind;
- leasing of property of any kind;
- availing or rendering of any services;
- appointment of any agent for purchase or sale of goods, materials, services or property;
- appointment to any office or place of profit in the Company, its subsidiary company or associate company; and
- underwriting the subscription of any securities or derivatives thereof, of

the Company

Provided that the following shall not be a related party transaction:

(a) 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;

(b) the following corporate actions 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; and
- iv. buy-back of securities.

**“Relative”** with reference to a director or a Key Managerial Personnel means persons defined under Section 2(77) of the Companies Act read with amendments issued from time to time.

**“Subsidiary Company or Subsidiary”**, in relation to any other company (that is to say the holding company), means a company in which the holding company-

- I. controls the composition of the Board of Directors or
- II. exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies.

For the purposes of this policy, Subsidiary includes foreign subsidiary also.

**“Material Modifications”** 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 variation of more than 20% in the pre-approved related party transaction value or price of such transaction or contract during the year.

Turnover for the sake of this policy means “Revenue from Operations” as shown in the results published by PGEL as per regulation 33.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, the Listing Regulations or any other applicable law or regulation

#### **4. MATERIALITY THRESHOLDS:**

A transaction with 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 rupees one thousand crore or ten per cent of the annual consolidated turnover of entity as per the last audited financial statements of the listed entity, whichever is lower.

However, 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 five

percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

All material related party transactions shall require approval of shareholders through resolution and the related parties/director's with potential interest shall abstain from both discussion and voting on such resolution whether the entity is a related party to the particular transaction or not.

## **5. PERIODIC IDENTIFICATION OF RELATED PARTY**

1. Related parties shall be regularly verified and amended as per the Companies Act, 2013 and Listing Regulations.
2. All the directors and KMP shall immediately notify to secretarial department of any changes in related party information.
3. The list of related parties shall be tagged and updated in the accounting system and periodically sent to the relevant staff.
4. Each Director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board / Audit Committee may reasonably request.

All the directors and KMP are responsible for providing the requested details to Audit committee.

## **5. PROCEDURE FOR DEALING IN RELATED PARTY TRANSACTIONS:**

- a) Each Director and Key Managerial Personal **shall promptly notify** the Chief Financial Officer about **any material interest** that such person or an Immediate Family Member of such person had, has or may have in a Related Party Transaction. The notice shall include a description of the transaction and the aggregate amount.
- b) If the notified Related Party Transaction is not covered under transactions already approved by the Audit Committee/Board/Shareholders as the case may be, then the Chief Financial Officer shall promptly notify the Audit Committee & Board of Directors & write company secretary to take immediate steps for taking requisite approval.
- c) If the Related Party Transaction is already approved by the Audit Committee/Board/Shareholders as the case may be, than the Chief Financial Officer shall notify the Transaction to Company Secretary. The Company Secretary will report to the Audit Committee & the Board in its next Board Meeting.
- d) The Audit Committee & the Board shall be provided with the material facts of all proposed RPT. The agenda of the meeting at which the proposed resolution is proposed:

- the name of the related party and nature of relationship;
  - the nature, duration of the contract and particulars of the contract or arrangement;
  - the material terms of the contract or arrangement including the value, if any;
  - any advance paid or received for the contract or arrangement, if any;
  - the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
  - whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
  - any other information relevant or important for the audit committee/Board to take a decision on the proposed transaction.
  - Should also include section in case of loans taken or given as information would be different
- e) In assessing an RPT, the Audit Committee/Board shall consider such factors as it deems appropriate, including but without limitation
- ✚ the business reasons to enter into the RPT;
  - ✚ the commercial reasonableness of the terms of the RPT;
  - ✚ the materiality of the RPT;
  - ✚ whether the terms of the RPT are fair to PGEL and on the same basis as would apply if the transaction did not involve a Related Party;
  - ✚ the extent of the Related Party's interest in the RPT;
  - ✚ if applicable, the impact of the RPT on a non-employee director's independence; and
  - ✚ the actual or apparent conflict of interest of the Related Party participating in the RPT; The approximate money value of the transaction and the approximate money value of the Related Person's interest in the transaction
  - ✚ If the transaction involves the sale of an asset, a description of the asset, including date acquired and costs basis;
  - ✚ Information concerning potential counterparties in the transaction;
  - ✚ Any other relevant information regarding the transaction.
- f) The Audit Committee or the Board shall after considering the materials placed before them judge if the transaction is in the ordinary course of business and meets the arm's length requirements. All the Non-ordinary course of business transactions and non-arm's length transaction require prior board approval and shareholder's approval if exceeding Companies Act thresholds.

## 6. APPROVALS:

- a) All related party transactions and subsequent material modification shall require prior approval of the Audit Committee, provided that only those members of the audit committee, who are independent directors, shall approve related party transactions. "Material Modifications" 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 variation in the pre-approved related party transaction value or price of such transaction or contract during the year.

Provided further that:

- (a) the audit committee of a listed entity shall define “material modifications” and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions;
- (b) a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity 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 consolidated turnover, as per the last audited financial statements of the listed entity;
- (c) with effect from April 1, 2023, a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity 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;
- (d) prior approval of the audit committee of the listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in (d) above, the prior approval of the audit committee of the listed subsidiary shall suffice.]

- b) The Audit Committee may grant **omnibus approval** for recurring transactions with related parties subject to following conditions:**
- The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company
  - The omnibus approval is in respect of transactions which are repetitive in nature
  - The omnibus approval should specify-
    - 1. the name/s of the related party,
    - 2. the nature of transaction,
    - 3. period of transaction,
    - 4. Maximum value of the transaction, in aggregate, which can be allowed under the omnibus route in a year and maximum value per transaction which can be allowed;
    - 5. Extent and manner of disclosures to be made to the audit committee at the time of seeking omnibus approval

6. Review at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each omnibus approval made
  7. Transactions which cannot be subject to the omnibus approval by the Audit Committee.
  8. the indicative base price / current contracted price and the formula for variation in the price if any and
  9. any other conditions as the Audit Committee may deem fit Further,
- In case where the need for a RPTs cannot be foreseen and the above details are not available, the Audit Committee may grant such omnibus approval provided the value does not exceeds 1(one) crore per transaction.
  - Any approval given by the Committee shall not contravene related party policy of the Company.
  - The Audit Committee shall review on a quarterly basis the aforesaid RPTs entered into by the company pursuant to each of the omnibus approval given.
  - Such omnibus approval would be valid only for a period of one year and would require fresh approval after expiry of the said period.”
- c) The following transactions shall require prior members approval by way of a resolution, where such transactions are not in the ordinary course of business and/or carried out at other than arm's length price:
- where the aggregate value of goods and material sold, purchased or supplied, directly or indirectly through related party agents, amounts to 10% or more of the company's turnover;
  - where the aggregate value of any kind of property (tangible/ intangible) sold or purchased or disposed of, directly or indirectly through related party agents, amounts to 10% or more of the company's net-worth;
  - where the aggregate value of leasing any kind of property (tangible/ intangible) amounts to 10% or more of the company's turnover;
  - where the aggregate value of services rendered or availed, directly or indirectly through related party agents, amounts to 10% or more of the company's turnover;
  - where the appointment of a related party to a place of profit or to any office in the company, its subsidiary or associate company is at a monthly remuneration exceeding ₹ 250,000;
  - where the aggregate of remuneration for underwriting the subscription of any securities or derivatives thereof of the company exceeds 1% of the net-worth.
- Provided that** if the value of above listed transactions is less than the threshold limited provided in the list/Companies Act 2013, Approval of Board will be sufficient.
- d) All material related party transactions shall require approval of shareholders through resolution.



Provided that the aforesaid approvals will not be required for transactions entered into between the Company and its wholly owned subsidiary and transactions entered into between two wholly-owned subsidiaries of the Company whose accounts are consolidated with the accounts of the company and placed before the shareholders at the general meeting for approval.

- e) Related party transactions, other than specified above shall be approved in manner specified in the Companies Act 2013 or applicable SEBI Regulations.
- f) No director who is a Related Party shall participate in the evaluation or approval of any RPT for which he or she is a Related Party, except that the director shall provide all material information concerning the RPT to the Board.

## **7. Voting Requirements**

Before approving any Related Party Transaction, the Chief Financial Officer must express a reasoned opinion on the Company's interest in carrying out the transaction and on the benefits and substantive fairness of the related terms. In determining whether to approve or ratify a Related Party Transaction, the Committee / Board, as the case may be, shall take into account among other factors it deems appropriate, whether the Related Party Transaction is in the Ordinary course of business of the Company and an Arm's Length Transaction and the extent of the Related Party's interest in the transaction

The Audit Committee / Board, as the case may be, are entitled to seek the assistance of any employee of the Company or one or more independent experts of its choice at the expense of the Company.

Any member of the Audit Committee who has a potential interest in any Related Party Transaction will abstain from any discussions or voting on such proposals.

If any director of the Company is interested in any contract or arrangement with a Related Party, such director shall abstain from voting at the Board meeting of the Company during discussions in the matter

Members who are related parties shall not vote to approve on resolution in respect of approval of material Related Party Transaction.

## **8. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY:**

In the event the Company becomes aware of a Related Party Transaction involving any amount not exceeding one crore rupees is entered into by a director or officer of the company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee and if the transaction is with the related party to any director or is authorized by any other director, the director concerned shall indemnify the company against any loss incurred by it:

Provided also that the provisions of this clause shall not apply to a transaction, other than a transaction referred to in section 188, between a holding company and its wholly owned subsidiary company.]

## **9. DISCLOSURE AND REPORTING OF RELATED PARTY TRANSACTIONS:**

Every Related Party Transaction entered into by the Company shall be referred to in the Board's report to the shareholders along with justification for entering into such transaction. The Company Secretary and the Chief Financial Officer shall be, responsible for such disclosure and they are also responsible for making necessary entries in the Register of Contracts required to be maintained under the Companies Act, 2013.

All the Related party transactions shall be quarterly disclosed in Audit Committee meeting and Board meetings. And RPT disclosures shall be submitted to Stock exchange as per regulation 23(9) in then prescribed format and timeline, with publication on company's website. Director's report shall contain details of Related Party Transactions as required under the Companies Act.

The Company shall disclose to the Stock Exchange along with the compliance report on corporate governance on a quarterly basis details of all transactions with Related Parties exceeding the materiality threshold.

The remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require disclosure under this sub-regulation provided that the same is not material in terms of the provisions of sub-regulation (1) of this regulation.

## **10. REVIEW OF POLICY:**

The Board shall review the Policy from time to time based on the changing needs and make suitable modifications as may be necessary. The Board can also amend the Policy from time to time in accordance with the requirements of, and to ensure compliance with, the provisions of the SEBI (LODR) Regulations, 2015

The policy will be reviewed once every three years and updated accordingly with the changes if any. In case of any amendment/clarification/circular/notification, etc., issued by the relevant authority, not being consistent with the provisions laid down in this policy, then such amendment/clarification/circular, etc., shall prevail upon the provisions mentioned herein and this policy shall stand amended accordingly from the effective date as laid down under such amendment/clarification/circular/ notification, etc.

## **11. DISSEMINATION OF POLICY**

The provisions of this policy shall be disseminated to all functional and operational employees and other people concerned of the Company and shall be hosted on the intra-net

and website of the Company and web link thereto shall be provided in the annual report of the Company.

## **12. SCOPE & LIMITATION**

In the event of any conflict between the provisions of this Policy and of the SEBI (Listing Obligation & disclosure requirements) Regulations 2015 / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such SEBI (Listing Obligation & disclosure requirements) Regulations 2015/ Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

***Further amended, reviewed and adopted by the Board post consideration of the recent amendments in the Companies Act, 2013 & Listing Obligation and Disclosure Requirements (LODR) Regulations, 2015 at the meeting held on 08/08/2025.***