

RELATED PARTY TRANSACTIONS POLICY

1. INTRODUCTION

The Securities and Exchange Board of India (“**SEBI**”), *vide* its Notification dated September 2, 2015, has issued the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“**LODR**”). As per Regulation 23 of the LODR (as amended from time to time), the Board of Directors (“**Board**”) of Pacific Industries Limited (“**Company**”) is required to frame a policy to deal with Related Party Transactions including formulating a policy on materiality of Related Party Transactions. Therefore, in terms of Regulation 23 of the LODR, the **Company** has reviewed the Related Party Policy at its meeting held on February 5, 2025 (the “**Policy**”) and incorporated the modifications to ensure compliance with the recent amendments vide Securities and Exchange Board of India Notification dated December 12, 2024, and effective from the same date.

2. PURPOSE

This policy is framed to ensure proper review, approval and reporting of Related Party Transactions of the company including formulating a policy on materiality of Related Party Transactions outlining clear threshold limits in compliance with the provisions of Companies Act, 2013 along with relevant rules and SEBI (LODR) Regulations, 2015.

3. DEFINITIONS

“**Act**” means Companies Act, 2013, including any statutory modification or re-enactment thereof.

“**Arm’s Length Transaction**” shall have the meaning ascribed to such term under section 188 of the Act.

“**Associate Company**” shall have the meaning ascribed to such term under sub-section (6) of Section 2 of the Act.

“**Audit Committee or Committee**”: Audit Committee is the committee which is constituted by the Company pursuant to section 177 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 18 of the LODR.

“**Board**” means Board of Directors of the Company.

“**Body Corporate**” shall have the meaning ascribed to such term under sub-section (11) of Section 2 of the Act.

“Control” shall have the meaning ascribed to such term under sub section (27) of Section 2 of the Act.

“Compliance Officer” means Company Secretary of the Company.

“Holding Company” in relation to one or more Companies means a Company of which such Companies are Subsidiary Companies as per sub-section (46) of Section 2 of the Act.

“Key Managerial Personnel” (“KMP”) shall have the same meaning ascribed to such term under sub-section (51) of Section 2 of the Act.

“Material Related Party Transaction” shall have the same meaning ascribed to such term under Regulation 23 (1) read with 23 (1A) of the LODR.

“Materiality Threshold” means limits for Related Party Transactions beyond which the shareholders' approval will be required as specified in Act and rules thereof and amendments thereto.

“Net Worth” shall have the meaning ascribed to such term under sub-section (57) of Section 2 of the Act.

“Office or Place of Profit” shall have the meaning ascribed to such term under section 188 of the Act.

“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 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.

“Related Party” shall have the meaning ascribed to such term under Regulation 2(1) (zb) of the LODR and under sub-section (76) of Section 2 of the Act.

“Relative” shall have the meaning ascribed to such term under sub-section (77) of Section 2 of the Act and under Regulation 2(1) (zd) of the LODR.

“Related Party Transaction” shall have the meaning ascribed to such term under Regulation 2(1) (zc) of the LODR and under Section 188 of the Act

“Securities” means the Securities as defined in clause (h) of Section 2 of the Securities Contracts (Regulations) Act, 1956.

“Subsidiary Company” shall have the meaning ascribed to such term under sub-section (87) of Section 2 of the Act.

4. 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.

5. APPROVING AUTHORITY

A) Approval of Audit Committee:

All RPTs and subsequent modifications shall be referred to independent directors of the Audit Committee for prior approval, irrespective of its materiality, whether at a meeting or by passing of a circular resolution.

Provided further that:

- a) Audit committee shall define ‘material modifications’ and disclose it as a 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 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 consolidated turnover, as per the last audited financial statements of the Company;
- c) a related party transaction to which the subsidiary 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;
- d) prior approval of the audit committee of the Company 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 the LODR 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.

- e) 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 approval of the audit committee provided that the same is not material in terms of the provisions of sub regulation (1) of this regulation.
- f) 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:
 - (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;
 - (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 ;
 - (v) any other condition as specified by the audit committee:

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

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

Related Party Transactions with:

- (i) 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
- (ii) 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

are exempted from any approval requirement mentioned in sub-regulation (2), (3) & (4) of Regulation 23 and would require only periodical reporting, preferably on a quarterly basis.

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 LODR, 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 (a) the name/s of the related party, (b) nature of transaction, (c) duration/period of transaction, (d) maximum amount of transaction that can be entered into, (e) the indicative base price / current contracted price and the formula for variation in the price, if any and (f) such other conditions as the Audit Committee may deem fit.

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 Rs. 1 crore (Rupees One Crore).

In terms of Regulation 23 (3) (b) of the LODR, 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), the omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.

In case any member of the Committee is interested in any potential Related Party Transaction, such member shall abstain from voting when such transaction is being considered.

The Audit Committee for the purpose of the omnibus approval shall take into account the ***Criteria specified by the Board under Rule 6A of the Companies (Meetings of Board & Its Powers) Rules, 2014 and Regulation 23 of LODR. Accordingly, the Board has specified the following criteria which has been made part of this policy:***

Sr. No.	Particulars	Criteria
a)	maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year	As may be decided by the Board
b)	the maximum value per transaction which can be allowed	As may be decided by the Board
c)	extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval	(a) name of the related parties; (b) nature and duration of the transaction; (c) maximum amount of transaction that can be entered into; (d) the indicative base price or current contracted price and the formula for variation in the price, if any; and (e) any other information relevant or important for the Audit Committee to take a decision on the proposed transaction.
d)	Review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company or its subsidiary pursuant to each of the omnibus approval made.	Quarterly
e)	Transactions which cannot be subject to the omnibus approval by the Audit Committee.	Omnibus approval shall not be made for transactions in respect of selling or disposing of

		the undertaking of the company.
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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

All Material Related Party Transactions and subsequent material modifications as defined by the audit committee under the LODR shall require prior approval of the shareholders by way of a resolution and 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.

6. DEEMED APPROVAL

The transactions or arrangements which are specifically dealt under the separate provisions of the Law and executed under separate approvals/procedures from relevant competent authority or committee shall be deemed to be approved under this Policy. Such transactions are enumerated below:

- a) Appointment and payment of remuneration, including any variations thereto, to Key Managerial Personnel pursuant to the Nomination and Remuneration Committee approval;
- b) Payment of remuneration, fees, commission, etc. to directors pursuant to the Nomination and Remuneration Committee approval;
- c) Share based incentive plans for the benefits of the Directors or Key Managerial Personnel pursuant to shareholders including ESOPs;
- d) Any benefits, interest arising to Related Party solely from the ownership of Company shares at par with other holders, for example, dividends, right issues, stock split or bonus

shares approved by the Nomination and Remuneration Committee or any other Board composed committee;

- e) Contribution with respect to Corporate Social Responsibility to eligible entity pursuant to approval of Board or the Corporate Social Responsibility Committee;

7. RATIFICATION OF THE RELATED PARTY TRANSACTION

Where any contract or arrangement is entered into by a Director or employee of the Company with Related Party without obtaining the consent of the Board or approval of Shareholders, and if the same is not ratified by the Board or Shareholders as the case may be within 3 (three) months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, at the option of the Shareholders.

8. REPORTING OF RELATED PARTY TRANSACTIONS

The Company is required to disclose in its annual financial statements and directors' report, certain transactions between the Company and its Related Parties as well as the Policy relating thereto. This Policy shall also be disclosed under a separate section on the website of the Company and a web link thereto shall be provided in the Annual Report of the Company.

9. ARM'S LENGTH

Any transaction viz. sale/ purchase of products, goods, or availing/ rendering of services in the normal course of business would be levied upon at cost plus appropriate margin.

Contracts/ arrangements with Company's subsidiaries and group companies would result in Related Party Transactions. Generally, such contracts/ arrangements would be in the Ordinary Course of Business. Once such contracts/ arrangements are approved by the Audit Committee, transactions arising out of same would not be subject to evaluation when they are executed. The Chief Financial Officer of the Company is authorized to continuously monitor the process contained herein.

10. PROCEDURE

Chief Financial Officer of the Company will refer the Related Party Transactions to the Audit Committee for such approval and material Related Party Transactions to the Board for its approval. Material RPTs after approval of the Board shall be taken up for approval of shareholders at a general meeting.

Chief Financial Officer of the Company will bring the deviations, to the Audit Committee/ Board for ratification.

11. POLICY REVIEW

Where the terms of this Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over this Policy and procedures until such time as this Policy is changed to conform to the law, rule, regulation or standard.

12. AMENDMENTS

The Company may amend the Policy as and when it deems necessary either pursuant to any change in law or otherwise. The Company shall be free to devise and implement any supplementary or other policies and guidelines in respect hereof for better implementation of this Policy.

13. DISCLOSURE

In terms of Regulation 23 of the LODR, the Company shall, in relation to a Related Party, make the following disclosures:

- a. Details of the Related Party Transactions during the quarter shall be disclosed in the Audit Committee. The Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given, if any.
 - b. Details of all material transactions with related parties are to be disclosed quarterly along with the compliance report on corporate governance.
 - c. The Company shall disclose the contract or arrangements entered into with the Related Party in the Board report to the shareholders.
 - d. The Company shall submit on the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions, in the format as specified by SEBI from time to time and publish the same on its website.
14. 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 provided that the same is not material in terms of the provisions of sub-regulation (1) of regulation 23.
15. The Company shall disclose this Policy in the Annual Report by providing a web link to this Policy.

16. **DISSEMINATION OF THE POLICY**

The approved Policy shall be uploaded under a separate section on the website of the Company at <https://www.pacificindustriesltd.com/>