

PETRO CARBON AND CHEMICALS LIMITED

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

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

1. Title

- 1.1 This policy shall be called the 'Policy on materiality of related party transactions and on dealing with related party transactions'.

2. Commencement

- 2.1 The Policy shall come into force with effect from 27th February, 2026.

3. Scope, Purpose and Objective

- 3.1 Related party transactions can present a potential or actual conflict of interest, and may raise questions whether such transactions are consistent with the Company's and shareholders' best interest. Considering the requirement for approval of related party transactions under the Companies Act, 2013, the rules framed thereunder ("**Companies Act**") and regulation 23 read with regulation 2(1) of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, ("**SEBI Listing Regulations**"), as amended from time to time and the requirement for formulating a policy on materiality of related party transactions under regulation 23 of the SEBI Listing Regulations, Petro Carbon and Chemicals Limited ("**Company**") has formulated a policy on Materiality of Related Party Transactions and On Dealing With Related Party Transactions for the identification of related parties and the proper conduct and documentation of all related party transactions ("**Policy**"). This Policy has been adopted by the Board of Directors of the Company ("**Board**") based on the recommendation of the Audit Committee. The Audit Committee of the Company will review the Policy at least once every three years and amend the Policy as and when required, subject to the approval of the Board of such amended policy.
- 3.2 The objective of the Policy is to set out (a) the basis of identifying related parties of the Company as well as related party transactions; (b) the materiality thresholds for related party transactions; and (c) the manner of entering into transactions between the Company and its related parties in compliance with the Companies Act, read along with SEBI Listing Regulations.

4. Definitions

- 4.1 "**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.
- 4.2 "**Audit Committee**" means the audit committee of the board of directors of the Company from time to time, in line with the provisions of the Act and the SEBI Listing Regulations.
- 4.3 "**Board**" means the collective body of Directors of the Company as constituted from time to time, in line with the provisions of the Act and the SEBI Listing Regulations.
- 4.4 "**Company**" means "Petro Carbon And Chemicals Limited"
- 4.5 "**Companies Act**" shall mean the Companies Act, 2013, and the rules framed thereunder.
- 4.6 "**Industry Standards**" shall mean the Industry Standards on "Minimum information

to be provided to the Audit Committee and shareholders of the Company for approval of Related Party Transactions” as notified vide its circular dated June 26, 2025, subsequently as amended from time to time.

- 4.7 **“Key Managerial Personnel”** or **“KMPs”** shall have the meaning as ascribed to it under Regulation 2(1)(o) of the SEBI Listing Regulations read with Section 2(51) of the Companies Act, each as amended from time to time and shall include any person so authorized and designated by the Board as KMP on compliance with the provisions of Regulation 2(1)(o) and 6 of the SEBI Listing Regulations and Section 2(51) read with 203 of the Companies Act.
- 4.8 **“Material Modification of Related Party Transaction”** in relation to the Company means and includes any modification to an existing Related Party Transaction having variance of 10% of the existing limit as sanctioned by the Audit Committee / Board / Shareholders, as the case may be;
- 4.9 **“Material Related Party Transaction”** means,
- (a) transaction with a Related Party, if the transaction/transactions to be entered into individually or taken together with the previous transactions during the financial year, exceed Rs. 50,00,00,000 (Indian Rupees Fifty Crores) or 10% (Ten Per cent) of the annual consolidated turnover of the Company as per the last audited financial statement of the Company, whichever is lower.
 - (b) a transaction involving payment made to the Related Party with respect to brand usage or royalty, if the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, exceed 5% (five percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the listed entity.
- 4.10 **“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 its Memorandum & Articles of Association. The Board and Audit Committee may lay down the principles for determining the ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines.
- 4.11 **“Policy”** means this policy, as amended from time to time.
- 4.12 **“Related Party”** or **“RP”** shall have the meaning as ascribed to it in Section 2(76) of the Act and Regulation 2(1)(zb) of the SEBI Listing Regulations.
- 4.13 **“Related Party Transaction”** or **“RPT”** shall have the meaning ascribed to it under Section 188 of the Act read with Regulation 2(1)(zc) of the SEBI Listing Regulations, as amended, and shall mean a transaction involving a transfer of resources, services or obligations between:
- a) the Company or any of its subsidiaries on one hand and a Related Party of the Company or any of its subsidiaries on the other hand;
 - b) the Company 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 Company or any of its subsidiaries;
- 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, including but not limited to the following -
- a) sale, purchase or supply of any goods or materials;
 - b) selling or otherwise disposing of, or buying, property of any kind;
 - c) leasing of property of any kind;

- d) availing or rendering of any services;
- e) appointment of any agent for the purchase or sale of goods, materials, services or property;
- f) appointment to any office or place of profit in the Company, its subsidiary or associate company;
- g) underwriting the subscription of any securities or derivatives thereof of the Company.

The following shall not be considered a Related Party Transaction of the Company in terms of SEBI Listing Regulations:

- a) the issue of specified securities on a preferential basis, subject to compliance with the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- b) corporate actions which are uniformly applicable/offered to shareholders in proportion to their shareholding, such as payment of dividend, subdivision or consolidation of securities by the Company, issuance of securities by way of a rights issue or a bonus issue and buy-back of securities;
- c) retail purchases from the Company or any of its subsidiaries by its directors or key managerial personnel or its subsidiary, and relatives of such directors or key managerial personnel, without establishing any business relationship and at the terms which are uniformly applicable/offered to all employees, directors, key managerial personnel and relatives of directors or key managerial personnel.

Further, remuneration and sitting fees paid by the Company or its subsidiaries to its directors, Key Managerial Personnel or senior management, except those who are part of the 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 Regulation 23 of the Listing Regulations.

4.14 “**SEBI Listing Regulations**” shall mean Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.

Any other term not defined herein shall have the same meaning as ascribed to them/it in the Companies Act, Listing Regulations or any other applicable law or regulations, each as amended.

5. Materiality Thresholds

5.1 Regulation 23 of the SEBI Listing Regulations requires a Company to provide materiality thresholds for transactions with its Related Party. In any event, if a Related Party Transaction (“RPT”) exceeds the materiality threshold, prior approval of the shareholders of the Company will be required through an ordinary resolution. Prior approval of shareholders is also required in case of any subsequent material modifications to these already approved Related Party Transactions. None of the Related Parties of the Company shall vote to approve on such resolution, irrespective of whether the entity is a Related Party to the particular transaction or not (RP’s can cast only a negative vote to reject the resolution seeking approval of material RPT(s)).

5.2 The materiality threshold fixed by the Company for the purpose of Regulation 23 of

the SEBI Listing Regulation shall be as prescribed in paragraph 4.8 of the Policy. The same has been reiterated herein for the sake of clarity:

- a) Transaction(s) with Related Party - if the transaction/transactions entered into individually or taken together with the previous transactions during the financial year, exceed Rs. 50,00,00,000 (Indian Rupees Fifty Crores) or 10% (Ten Per cent) of the annual consolidated turnover of the Company as per the last audited financial statement of the Company, whichever is lower.
- b) Transaction with Related Party involving payment made to the Related Party with respect to brand usage or royalty - if the transaction/transactions entered into individually or taken together with previous transactions during a financial year, exceed 5% (five percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the listed entity.

Related Party Transaction on materiality and its threshold limits shall be reviewed by the Audit Committee and the Board, at least once in every three years and updated accordingly.

6. Manner of Dealing with Related Party Transactions

6.1 Identification of Related Parties

The Company shall identify Related Parties in accordance with section 2(76) of the Companies Act read along with its rules framed thereunder and Regulation 2(1)(zb) of the SEBI Listing Regulations.

6.2 Identification of Related Party Transactions

6.2.1 The Company shall identify Related Party Transactions in accordance with Section 188 read with Section 177 of the Act and Regulation 2(1)(zc) of the SEBI Listing Regulations. Furthermore, the Company may seek external expert opinion to determine whether a specific transaction is in the ordinary course of business and/or at arm's length, if necessary.

6.2.2 Once the Related Party Transactions is/are identified, the Board shall categorise the transactions under the following categories as per the Industry Standards and place applicable disclosures before the Committee seeking approval:

- a) Material Related Party Transactions
- b) Other Related Party Transactions, but with promoter or promoter group or person/ entity in which promoter or promoter group has a concern or interest;
- c) Residual Related Party Transactions.

The industry standards are not applicable to RPTs with value less than ₹1 crore in a year.

7. Procedure for Approval of Related Party Transaction

7.1 Approval of the Audit Committee

7.1.1 Prior approval of the Audit Committee shall be required for:

- a) All Related Party Transactions and subsequent Material Modifications of Related Party Transactions;
- b) RPTs of above Rs. 1,00,00,000 (Rupees One Crore), where the subsidiary is a party but the Company is not a party, and the transaction amount exceeds the lower of:
 - (i) 10% (ten percent) of the annual standalone turnover of the subsidiary as per last audited financial statements of the subsidiary; or
 - (ii) the threshold for Material Related Party Transactions of the Company.

If such subsidiary does not have audited financial statements for a period of at least one year, prior approval of the audit committee of the listed entity shall be obtained if the value of such transaction exceeds the lower of the following:

- (i) 10% (ten percent) of the aggregate value of paid-up share capital and securities premium account of the subsidiary; or
- (ii) the threshold for Material Related Party Transactions of the Company:

Provided that the aggregate value of paid-up share capital and securities premium account of the subsidiary shall be taken as on a date, not older than 3 (three) months prior to the date of seeking approval of the audit committee.

Further, the Audit Committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

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

- a) Related Party Transactions, where the listed subsidiary is a party, but the Company is not a party, and if Regulation 23 and Regulation 15(2) of SEBI Listing Regulations are applicable to such listed subsidiary.
- b) Related Party Transactions of unlisted subsidiaries of the listed subsidiary of the Company, where the prior approval of the audit committee of the listed subsidiary is obtained.
- c) transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- d) transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- e) remuneration and sitting fees paid by the Company or its subsidiaries to its directors, key managerial personnels or senior management, except who is part of promoter or promoter group, provided that the same is not material in terms of the provisions of Regulation 23(1) of the Listing Regulations.

- 7.1.3 Members of the Audit Committee, who are independent directors, shall alone approve Related Party Transactions.
- 7.1.4 The Audit Committee, at the time of approval of RPTs, shall take into consideration the certificate to be placed before it by the Chief Executive Officer or Chief Financial Officer or any other KMP of the Company, confirming that the RPT(s) to be entered into are not prejudicial to the interest of public shareholders of the Company and the terms and conditions of the proposed RPT(s) are not unfavourable to the Company, compared to terms and conditions, had similar transaction(s) been entered into with an unrelated party. This certificate shall be placed before the Committee in terms of the Industry Standards.
- 7.1.5 The Audit Committee, at the time of approval of RPTs, shall take into consideration (i) whether the terms of the proposed Related Party Transaction is fair and on arms' length basis; (ii) the Related Party Transaction will have a potential reputational risk to the Company
- 7.1.6 The Company may obtain omnibus approval from the Audit Committee for all Related Party Transactions subject to compliance with the conditions prescribed in paras (a) to (j) below.
- a) The Audit Committee shall, after obtaining approval of the Board, specify the criteria for granting the omnibus approval in line with the Policy, and such approval shall include the following:
- (i) Maximum value of the transaction, in aggregate, which can be allowed under the omnibus route in a year;
 - (ii) The maximum value per transaction which can be allowed;
 - (iii) extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
 - (iv) review, at such intervals as the Audit Committee may deem fit, Related Party Transactions entered into by the Company pursuant to each omnibus approval made;
 - (v) transactions which cannot be subject to the omnibus approval by the Audit Committee.
- b) The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:
- (i) repetitiveness of the transactions (in past or in future);
 - (ii) justification for the need of omnibus approval.
- c) The Audit Committee shall satisfy itself regarding the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company;

- d) The omnibus approval shall provide details of (i) the name(s) of the related party and its relationship with the Company or its subsidiary, nature of transaction, period of transaction, maximum aggregated value of the particular type of transaction that can be entered into during the year; (ii) basis of arriving at the indicative base price / current contracted price and the formula for variation in the price if any, (iii) minimum information about the RPTs as per the provisions of the Industry Standards and (iv) such other conditions as the Audit Committee may deem fit.

Provided that where the need for Related Party Transactions cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1,00,00,000 (Rupees One Crore) per transaction.

- e) The threshold for prior approval of the Audit Committee on related party transactions, whether entered into individually or taken together with previous transactions during a financial year, undertaken by subsidiaries, shall be as prescribed in paragraph 7.1.1(b) of the Policy.
- f) The Audit Committee shall review, at least on a quarterly basis, the aggregated value and other details of Related Party Transactions entered into by the Company or its subsidiary pursuant to the omnibus approval given.
- g) Omnibus approval granted by the shareholders for Material Related Party Transactions in an annual general meeting shall be valid till the date of the next annual general meeting held within the timelines prescribed under Section 96 of the Act or rules, notifications, or circulars issued thereunder from time to time. In case of omnibus approvals for material related party transactions, granted by the shareholders in general meetings other than annual general meeting, the validity of such omnibus approvals shall not exceed one year from the date of such approval.
- h) Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
- i) Omnibus approval can be granted by the audit committee for related party transactions of the Company as well as of its subsidiaries.
- j) Any other conditions as the Audit Committee may deem fit.

7.1.7 Transactions of following nature **will not** be subject to the omnibus approval of the Audit Committee:

- a) Transactions which are not at arm's length or not in the ordinary course of business;
- b) Transactions which are not repetitive in nature;
- c) Transactions exceeding materiality thresholds as laid down in the Policy;
- d) Transactions in respect of selling or disposing of the undertaking of the company;
- e) Financial Transactions e.g. loan to Related Parties, inter corporate deposits, subscriptions to bond, debenture or preference shares issued by the Related Parties, corporate guarantee given/received from related parties;
- f) Any other transaction as the Audit Committee may deem not fit for omnibus approval.

7.2 Approval of the Board of Directors of the Company

- 7.2.1 As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said section and which are not in the ordinary course of business or not at arm's length basis, are placed before the Board for its approval.
- 7.2.2 In addition to the above, the following kinds of transactions with Related Parties are also placed before the Board for its approval:
- a) Transactions which may be in the ordinary course of business and at arm's length basis, but which are, as per the Policy, determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;
 - b) Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;
 - c) Transactions which are in the ordinary course of business and at arm's length basis, but which, as per Audit Committee, requires Board approval;
 - d) Transactions meeting the materiality thresholds laid down in the Policy, which are intended to be placed before the shareholders for approval.

7.3 Approval of the Shareholders of the Company

- 7.3.1 All the transactions with Related Parties exceeding the materiality thresholds laid down in the Policy are placed before the shareholders for approval.
- 7.3.2 For this purpose, none of the Related Parties of the Company shall vote to approve on such shareholders' resolution, irrespective of whether the entity is a Related Party to the particular transaction or not. (RP's can cast only a negative vote to reject the shareholders' resolution of material RPT).
- 7.3.3 In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not at Arm's Length or not in the ordinary course of business; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 are placed before the shareholders for its approval.

7.3.4 However, the requirement of shareholders' prior approval for Material Related Party Transactions **shall not** be applicable for the following cases:

- a) transactions in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code (IBC) 2016, subject to the event being disclosed to a recognized stock exchange within one day of the resolution plan being approved.
- b) Related Party Transactions, where the listed subsidiary of the Company is a party, but the Company is not a party, and if Regulation 23 and Regulation 15(2) of SEBI Listing Regulations are applicable to such listed subsidiary.
- c) Related Party Transactions of unlisted subsidiaries of the listed subsidiary of the Company, where the prior approval of the shareholders of the listed subsidiary is obtained.
- d) transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- e) transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

8. Disclosures of Related Party Transaction

- 8.1 The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with Related Parties, which are not in the ordinary course of business or not on an arm's length basis, along with the justification for entering into such transaction.
- 8.2 The Company shall place all information specified in Industry Standards, read with the provisions of the SEBI Listing Regulations and the Companies Act, as well as any additional information specified by SEBI from time to time, for review by the Audit Committee prior to seeking approval of the RPTs.
- 8.3 The Company shall place all the information, as specified in Industry Standards read with the provisions of SEBI Listing Regulations, Companies Act as well as additional information specified by SEBI from time to time, in the statement to the notice being sent to shareholders seeking their approval for proposed RPTs as applicable.
- 8.4 The Company shall provide disclosure of the Related Party Transactions to stock exchanges where the Company's securities are listed, in the format as specified by the SEBI/stock exchanges from time to time and within statutory timelines. The Company shall simultaneously upload the disclosure at its website.

9. Related party Transaction not approved under the Policy

- 9.1 The members of the Audit Committee, who are independent directors, may ratify a Related Party Transactions within 3 (three) months from the date of the transaction or in the immediate next meeting of the Audit Committee, whichever is earlier. Ratification is subject to following conditions:
 - a) The value of the ratified transaction(s) with Related Party, whether entered

into individually or taken together, during a financial year does not exceed Rs. 1,00,00,000 (Rupees One Crore);

- b) The transaction is not a Material Related Party Transaction;
 - c) Rationale for inability to seek prior approval for a transaction shall be placed before the Audit Committee at the time of seeking ratifications;
 - d) The details of ratification shall be disclosed along with the disclosures of Related Party in terms of 23(9) of the Listing Regulations; and
 - e) Any other conditions as specified by the Audit Committee.
- 9.2 The 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 authorised by any other director, the director(s) concerned shall indemnify the Company against any loss incurred by it.

10. Review of the Policy

The adequacy of this Policy shall be reviewed and reassessed by the Audit Committee periodically and at least once in 3 (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.