



**PARADEEP**<sup>TM</sup>  
P A R I V A H A N  
L I M I T E D

**POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS**

Of

**PARADEEP PARIVAHAN LIMITED**

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*(Approved and Updated by the Board at its Meeting held on May 22,2026.)*

## **POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS**

### **INTRODUCTION:**

This policy is formulated in accordance with Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations) on materiality of related party transactions and on dealing with related party transactions.

The Board of Directors has adopted this Policy on the recommendation of the Audit Committee. The Board on recommendation of the Audit Committee of the Company shall review the Policy once in three years and may update accordingly.

This Policy shall be applicable to the Company in accordance with Regulation 23 of SEBI (LODR) Regulations, 2015, to the extent applicable to SME listed entities under Regulation 15(2) of the said regulations and shall apply to all prospective Related Party Transactions.

### **OBJECTIVE:**

The Board of Directors of the Company (“the Board”), on the recommendation of the Audit Committee, has adopted this Policy and associated procedures for regulating related party transactions, in line with the requirements of the Companies Act, 2013 (“the Act”) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

This Policy is intended to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and its related parties. This Policy specifically deals with the review and approval framework of material related party transactions keeping in mind the potential or actual conflicts of interest that may arise because of such transactions.

The objective of this 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 based on the Act read with the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company from time to time.

### **DEFINITIONS:**

- i. “**The Act**” means the Companies Act, 2013, together with the Rules notified thereunder including any statutory modifications or re-enactments thereof for the time being in force.
- ii. “**Company**” means Paradeep Parivahan Limited.
- iii. “**Policy**” means Policy on Related Party Transactions.
- iv. “**Board**” means Board of Directors of Paradeep Parivahan Limited.
- v. “**Audit Committee**” means Committee of Board of Directors of the Company constituted under the applicable laws.
- vi. “**Key Managerial Personnel**” or “**KMP**” shall have the meaning as defined under Section 2(51) of the Act read with Regulation 2(1)(o) of the LODR Regulations.
- vii. “**Relative**” means as defined under Section 2(77) of the Act.

- viii. **“Related Party”** means as defined under Section 2(76) of the Act read with Regulation 2(1)(zb) of LODR Regulations.
- ix. **“Related Party Transaction”** means as prescribed under Section 188 of the Act read with Regulation 2(1)(zc) of LODR regulations.
- x. **“LODR Regulations”** means the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.
- xi. **“Material Modification”** means any modification to an approved Related Party Transaction which, in the opinion of the Audit Committee, is material and includes:
- (a) any change exceeding 20% of the originally approved transaction value; or
  - (b) any change in nature, scope, duration, counterparty, or commercial terms of the transaction; or
  - (c) any modification which may have a significant impact on the financial position or profitability of the Company; or
  - (d) any other change as may be determined by the Audit Committee from time to time.
- xii. **“Unforeseen Related Party Transaction”** means a related party transaction, where the need for such transaction cannot be foreseen, the details whereof necessary for seeking an omnibus approval of the Audit Committee are not available and the value of such transaction does not exceed Rupees one crore per transaction.
- xiii. **“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.
- xiv. **“Books of Accounts”** as defined in Section 2(13) of the Act.
- xv. **“Accounting Standards”** means the standards of accounting or any addendum thereto for companies or class of companies referred to in Section 133 of the Act.
- xvi. **“Ordinary Course of Business”** means a transaction which/ wherein:
- is carried out in the normal course of business envisaged in accordance with the Memorandum of Association (‘MOA’) of the Company as amended from time to time,
  - is as per historical practice with a pattern of frequency, or
  - is in connection with the normal business carried on by the Company, or
  - the income, if any, earned from such activity/transaction is assessed as business income in the Company’s books of accounts and hence is a business activity, or
  - is common commercial practice, or
  - meets any other parameters/criteria as decided by the Board/Audit Committee.

All other words and expressions used but not defined in this Policy, shall have the same meaning as defined in the Companies Act, 2013, SEBI (LODR) Regulations, 2015 or any other applicable law or regulations to the extent applicable to the Company.

## **MATERIALITY THRESHOLD:**

Regulation 23 of the LODR Regulations requires a company to prescribe 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.

Thus, the Company has fixed its materiality thresholds as under:

- Payment to a related party with respect to brand usage or royalty – 5% of the annual consolidated turnover of the Company as per its last audited financial statements.
- Other transactions with a Related Party (to be entered into individually or taken together with previous transactions during a financial year) – Rupees Fifty Crore or 10% of the annual consolidated turnover of the Company as per its last audited financial statements, whichever is lower.

This threshold is in line with the proviso to Regulation 23(1) of the SEBI (LODR) Regulations, 2015 applicable to SME listed entities.

## **MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS:**

### ➤ **Identification of related parties**

The Company shall identify and update the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and Regulation 2(1)(zb) of the SEBI Listing Regulations.

### ➤ **Identification of related party transactions:**

The Company has formulated the procedure for identification of RPT’s in accordance with Section 188 of the Act and Regulation 2(1)(zc) of the SEBI Listing Regulations. The Company has devised a process for determining whether the transaction is in Ordinary Course of business and at arm’s length basis and for this purpose, the Company may seek external professional opinion, if necessary.

### ➤ **Procedure for approval of related party transactions:**

#### ❖ **Approval of Audit Committee:**

#### **Prior approval of the Audit Committee shall be required for:**

- All Related Party Transactions and subsequent material modifications as defined by the Audit Committee irrespective of whether such transactions are at arm’s length or in the ordinary course of business.
- Related party transactions to which a 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 exceeds:
  - (i) Rupees One Crore; and
  - (ii) 10% of the annual standalone turnover of the subsidiary; or
  - (iii) the materiality threshold applicable to the Company, whichever is lower.

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

1. 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. For the said Related Party Transactions prior approval of the audit committee of the listed subsidiary is sufficient.
2. 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.
3. 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.
4. Transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand.
5. Remuneration and sitting fees paid by the Company or its subsidiaries to its directors, key managerial personnel 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 of the Listing Regulations.

**Omnibus Approval:**

- The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company which are repetitive in nature subject to compliance of the conditions contained in the Act and LODR Regulation, as amended from time to time.
- The Audit Committee shall also satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.
- The omnibus approval of the Audit Committee shall be valid for a period of one year and shall require fresh approvals after the expiry of one year.
- The Audit Committee shall review at least on quarterly basis the details of related party transactions entered into by the Company pursuant to each of the omnibus approval given.
- Only those members of the audit committee, who are independent directors shall approve Related party transactions.
- Where the Audit Committee does not approve the related party transactions, other than those specified under Section 188 of the Act, it shall make its recommendation to the Board for approval.
- Where the need for a Related Party Transaction cannot be foreseen, the Audit Committee may grant omnibus approval for such transactions not exceeding Rupees One Crore per transaction.

### **Ratification of Related Party Transaction:**

The Audit Committee may ratify related party transactions within three months from the date of the transaction or in the immediately succeeding Audit Committee meeting, whichever is earlier, subject to the following conditions:

- The value of such transaction(s) shall not exceed Rupees One Crore in a financial year;
- The transaction is not material;
- The rationale for not obtaining prior approval shall be placed before the Audit Committee;
- Such ratification shall be disclosed along with related party transaction disclosures to stock exchanges.
- Any other conditions as may be 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 authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.

### **❖ Approval of Board of Directors:**

All transactions with Related Parties as defined under the Companies Act, 2013 which are either not in the Ordinary Course of business or are not at Arm's Length shall require prior approval of Board of Directors.

Where any director is interested in any related party transaction, such director will abstain from discussion and voting on the subject matter of the resolution relating to such Transaction.

Information in such form and manner as prescribed in the Act and / or SEBI Listing Regulations would be provided to the Board.

### **❖ Approval of Shareholders of the Company:**

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.

All the transactions with related parties exceeding the materiality thresholds, laid down in the Policy, are placed before the shareholders for approval.

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.

The requirement of passing the shareholder's resolution shall not be applicable for 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.

### **DISCLOSURE:**

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 ordinary course of business or not at arm's length

basis along with the justification for entering into such transaction. The Company shall provide disclosure of the Related Party Transactions to stock exchanges where the Company's securities are listed, in the format specified by SEBI (the Board) from time to time on the date of publication of its standalone and consolidated financial results, on a half-yearly basis. The Company shall simultaneously upload the disclosure at its website. The Company shall disclose policy on dealing with Related Party Transactions on its website.

**RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY:**

If a Related Party Transaction is entered into by the Company without being approved under this Policy, the same shall be reviewed by the Audit Committee. The Audit Committee shall evaluate the transaction and may decide such action as it may consider appropriate including ratification, revision or termination of the Related Party Transaction. The Audit Committee may examine the facts and circumstances of the case and take any such action it deems appropriate.

**REVIEW OF THIS POLICY:**

This policy is framed based on the provisions of the Act and the requirements of the LODR Regulations. In the event of any conflict between the provisions of this Policy and of the Act or LODR Regulations or any other statutory enactments, rules, the provisions of such Act or LODR Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the LODR Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy. Any changes or modification on the Policy as recommended by the Audit Committee would be presented for approval of the Board of Directors. Provided that this policy shall be reviewed by the Board of Directors at least once every three years and updated accordingly.

**COMMUNICATION OF THIS POLICY:**

This Policy will be communicated to all Directors, KMPs and Members of the Management Committee and other concerned persons of the Company. This Policy shall also be posted on the website of the Company.

**EFFECTIVE DATE:**

The Policy is effective from 5<sup>th</sup> June 2024.

**DATE OF LAST AMENDMENT:**

The Policy on materiality of Related Party Transactions was last amended on 22<sup>nd</sup> May 2026.

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