

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

**OF**

**PREMIER POLYFILM LIMITED**

| Approved By        | Date of Approval  |
|--------------------|-------------------|
| Board of Directors | November 10, 2025 |

## 1. OBJECTIVE OF THE POLICY

- i. Related party transactions have been one of the major areas of focus for corporate governance reforms being initiated in India. Related Party Transactions can present a potential or actual conflict of interest which may be against the best interest of a company and its shareholders. The changes introduced in the corporate governance norms through Section 188 of the Companies Act, 2013, as amended and the rules framed thereunder ("**Companies Act**") and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("**SEBI Listing Regulations**") require the companies to have enhanced transparency and due process for approval of the related party transactions. Pursuant thereto, Section 188 of the Companies Act and Regulation 23 of the SEBI Listing Regulations require the Company to formulate a policy on materiality of related party transactions and also on dealing with related party transactions including clear threshold limits duly approved by the Board.
- ii. Accordingly, the Board of Directors ("**Board**") of the Company have adopted the following policy with regard to related party transactions. The Audit Committee of the Company will review this policy (the "**Policy**") on an annual basis and propose any modifications to the Board for approval. This Policy shall come into effect from the date of listing of Company's equity shares on the stock exchange(s).

## 2. DEFINITIONS

- i. "**Act**" means the Companies Act, 2013 as amended from time to time;
- ii. "**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.
- iii. "**Audit Committee**" means the audit committee of the board of directors of the Company.
- iv. "**Board**" means the board of directors of the Company.
- v. "**Company**" means Premier Polyfilm Limited.
- vi. "**Industry Standards**" shall mean the industry standards on "Minimum Information to be provided for Review of the Audit Committee and Shareholders for Approval of Related Party Transactions" as notified by SEBI *vide* its circular dated June 26, 2025.
- vii. "**Key Managerial Personnel**" or "**KMPs**" means Key Managerial Personnel as defined under the Act and includes:
  - (i) Managing Director, or Chief Executive Officer or Manager;
  - (ii) the Whole Time Director;
  - (iii) Company Secretary;
  - (iv) Chief Financial Officer;

- (v) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
  - (vi) such other officer as may be prescribed.
- viii. **“Material Related Party Transaction”** as per the SEBI Listing Regulations and Companies (Meetings of Board and its Powers) Rules, 2014:
  - a. If the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs. 1,000 crore or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower. In case of transaction involving payment to a Related Party for brand usage or royalty, it will be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 5% percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
  - b. As per Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time, relating to the threshold limits for determining the materiality of transaction(s).
- ix. **“Material Modifications”** shall mean any modification with respect to the following:  
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.
- x. **“Ordinary Course of Business”** with reference to a transaction with a related party means the usual transaction which is:
  - (i) carried out in the normal course of business envisaged in accordance with the Memorandum of Association of the Company as amended from time to time;
  - (ii) historical practice with a pattern of frequency;
  - (iii) common commercial practice; or
  - (iv) meets any other parameters/criteria as decided by the Board/Audit Committee, from time to time.
- xi. **“Policy”** means this policy, as amended from time to time.
- xii. **“Related Party”** in relation to the Company means a party related with the Company in any of the ways as laid down in Section 2(76) of the Companies Act or Regulation 2(1)(zb) of the SEBI Listing Regulations or under applicable accounting standards.
- xiii. **“Related Party Transaction”** in relation to the Company means a transaction with a related party as defined in 2 (1) (zc) of the SEBI Listing Regulations and under the relevant provisions of the Act or any relevant Indian Accounting Standards, as amended from time to time.

- xiv. **“Relative”** means any person as per Section 2(77) of the Act and rules prescribed thereunder and as per Regulation 2(1)(zd) of the SEBI Listing Regulations as amended from time to time
- xv. **“Subsidiary”** means a subsidiary as defined in regulation 2(1)(zm) of the SEBI Listing Regulations;
- xvi. **“SEBI Listing Regulations”** means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, the SEBI Listing Regulations, Accounting Standard 18 or any other applicable regulation.

### **3. INTERPRETATION**

- (i) Any words used in this Policy but not defined herein shall have the same meaning prescribed to it in the Companies Act, the Securities and Exchange Board of India Act, 1992, as amended, or rules and regulations made thereunder including the SEBI Listing Regulations, the applicable accounting standards or any other relevant legislation/law applicable to the Company.
- (ii) The reference to the masculine gender in this Policy shall be deemed to include a reference to feminine gender.
- (iii) In case of any dispute or difference upon the meaning/interpretation of any word or provision in this policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee 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 external expert as it deems fit.

### **4. PROCEDURE**

#### **(i) Disclosure by Directors & KMP and Identification of the Related Parties**

The Company has formulated guidelines for identification and updating 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.

Every Director and KMP shall at the beginning of the financial year provide information by way of written notice to the Company regarding his concern or interest in the entity with specific concern to parties which may be considered as Related Party with respect to the Company and shall also provide the list of Relatives which are regarded as Related Party as per this Policy.

The aforementioned disclosures shall be submitted to the Company (i) at the time of appointment of such person to office; (ii) at the first meeting of the Board held in every financial year, and (iii) whenever there is any change in the disclosures already made, then at the first Board meeting held after such change.

Directors shall also make continual disclosures during the financial year, as regards their new directorships by submitting updated forms to the Company for ensuring compliance under Applicable Law and this Policy.

**(ii) Identification of Transaction with Related Parties**

- a. The Related Parties of the Company shall be identified and ascertained in light of the aforementioned definition of the Related Party.
- b. Every Director and KMP of the Company shall be responsible for providing a list of Related Parties to the Company.
- c. The Board shall take note of such disclosures and maintain database of Company's Related Parties.
- d. Any questions as to whether a person is a Related Party or not shall be determined by the Committee.
- e. The Compliance Officer shall maintain a database of Company's Related Parties containing the names and other applicable details of individuals and the entities, identified on the basis of the definition set forth in this policy.

**5. IDENTIFICATION OF RELATED PARTY TRANSACTION(S)**

The Company shall identify Related Party Transactions in accordance with Section 188 of the Companies Act and Regulation 2(1)(zc) of the SEBI Listing Regulations (as amended from time to time).

The Audit Committee shall consider the following factors while deliberating the Related Party Transactions for its approval:

- Name of party and details explaining nature of relationship;
- Duration of the contract and particulars of the proposed transaction;
- Justification to ascertain whether the transaction is at arm's length and
- Any other information relevant or important for the Audit Committee / Board to take a decision on the proposed transaction.

In determining whether to approve a Related Party Transaction, the Audit Committee shall consider following factors, among others, to the extent relevant to Related Party Transaction:

- Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party.
- Whether there are any compelling business reasons / rationale for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any.
- Whether the Related Party Transaction would affect the independence of an Independent Director.
- Whether the proposed transaction includes any potential reputational risk issues that may arise because of or in connection with the proposed transaction.
- Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company.
- Whether the Related Party Transaction would present an improper conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the

transaction, the overall financial position of the director, executive officer or other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board / Committee deems relevant.

## **6. APPROVAL OF RELATED PARTY TRANSACTIONS**

### **6.1 AUDIT COMMITTEE**

- 6.1.1 All Related Party Transactions and any subsequent Material Modifications shall be undertaken only after prior approval of the Audit Committee and these transactions should be approved only by Independent Directors of the Audit Committee.
- 6.1.2 Any member of the Audit Committee or the Board who has potential interest in any Related Party Transaction will in terms of Rule 15(2) of the Companies (Meeting of Board and its Powers) Rules, 2014 shall not be present at the meeting during the discussions on the subject matter and shall recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.
- 6.1.3 Remuneration and sitting fees paid by the Company 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 Regulation 23 of SEBI Listing Regulations.
- 6.1.4 A Related Party Transaction to which the subsidiary of a Company, where applicable, 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.
- 6.1.5 The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company or its subsidiary subject to the following conditions:
- i. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the Policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature;
  - ii. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
  - iii. Such omnibus approval shall specify (i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price / current contracted price and the formula for variation in the price if any and (iii) such other conditions as the Audit Committee may deem fit; Provided that where the need for Related Party Transaction 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 Crore per transaction.
  - iv. Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company or its subsidiary pursuant to each of the omnibus approval given; and

- v. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

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 Reg. 23 (1) of the SEBI Listing Regulations;
- 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 Reg. 23 (9) of SEBI Listing Regulations;
- 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 authorised by any other director, the director(s) concerned shall indemnify the Company against any loss incurred by it.

## **6.2 BOARD OF DIRECTORS**

All Related Party Transactions within the scope of Section 188 of the Act and Regulation 23 of the SEBI Listing Regulation, which are not in the Ordinary Course of Business and not at an arm's length shall require prior approval of the Board.

In addition, the following Related Party Transactions shall also be placed before the Board for approval:

- Material Related Party Transactions and any subsequent Material Modifications to Related Party Transactions, which are intended to be placed before the shareholders for approval.
- All other Related Party Transactions as referred by the Audit Committee from time to time.

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

Where any Director is interested in any contract or arrangement with a Related Party, such Director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

## **6.3 SHAREHOLDERS' APPROVAL**

- i. All Material Related Party Transactions and subsequent Material Modifications shall require prior approval of the shareholders through resolution and no Related Party shall vote on such resolutions whether the entity is a Related Party to the particular transaction or not.

However, the said requirement would not be applicable in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code, 2016 subject to the event being

disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

- ii. If a Related Party Transaction is not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds as prescribed under Section 188 of the Companies Act, SEBI Regulations, it shall require shareholders' approval. The Related Parties shall abstain from voting as shareholders in case of Related Party Transactions which require the approval of shareholders.
- iii. However, the shareholders' approval is not required for the transactions entered into between the Company and its wholly owned subsidiaries or 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 and transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an Company on one hand and the Central Government or any State Government or any combination thereof on the other hand.

## **7. TRANSACTIONS FOR WHICH SEPARATE APPROVAL FOR RELATED PARTY TRANSACTION IS NOT REQUIRED**

The transactions or arrangements which are specifically dealt under the separate provisions of the Law and executed under the separate approvals/procedures from relevant competent authority or Board Committee, as the case may be, shall be deemed to be approved under this Policy and are not required to be separately approved under this Policy.

Such transactions are enumerated as below:

- (i) Share based incentive plans (including ESOPs) for the benefits of the Directors and/or Key Managerial Personnel, pursuant to the approval of the Shareholders.
- (ii) Any benefits, interest arising to Related Party solely from the ownership of Company's 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.
- (iii) Contribution to Corporate Social Responsibility (CSR) obligations, which are approved by the CSR Committee and within the overall limits approved by the Board of Directors of the Company.
- (iv) Transactions arising out of corporate restructuring, compromises, arrangements and amalgamations dealt with under specific provisions of the Act, will not attract the requirements of Section 188 of the Companies Act.

## **8. APPLICABILITY OF INDUSTRY STANDARDS ON MINIMUM INFORMATION TO BE PROVIDED FOR REVIEW OF THE AUDIT COMMITTEE AND SHAREHOLDERS FOR APPROVAL OF A RELATED PARTY TRANSACTION**

These standards as provided in the SEBI Circular SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/18 dated June 26, 2025, with effect from September 01, 2025, are structured as under:

**Part A:** This Part of the Standards captures the minimum information of the proposed RPT and is applicable to all Related Party Transactions placed for review and approval by the Audit Committee.

**Part B:** This Part is applicable only if a specific type of RPT is proposed to be undertaken and is in addition to Part A. *Seven types of RPTs have been specified as per the circular.*

**Part C:** This Part is applicable to material Related Party Transactions placed for approval of both the Audit Committee and shareholders. and is in addition to Part A and Part B (with respect to such RPT).

These Industry Standards are not applicable for:

- i. Transactions ***exempted under Regulation 23(5)*** of SEBI LODR Regulations i.e.:
    - a. Transactions entered into between two public sector Companies
    - b. Transactions between a holding company and its wholly owned subsidiary Company.
    - c. Transactions between two wholly-owned subsidiaries of the listed holding company.
    - d. Transactions involving payment of statutory dues, fees, or charges between an entity and the Central or State Government.
    - e. Transactions between a public sector company and the Central and/or State Government.
  - ii. Quarterly review of Related Party Transactions by the Audit Committee in terms of Regulation 23(3)(d) of SEBI LODR Regulations.
  - iii. Transactions (individually or together) not exceeding Rupees One Crore.
- b. With effect from September 01, 2025, or such other date as maybe prescribed by SEBI, the Related Party Transactions entered into by the Company shall be required to obtain the following approvals by disclosing information. provided below:

**A. Audit Committee:**

- a. Minimum Information to be provided to the Committee to approve the Related Party Transactions as prescribed under the SEBI Circular.
- b. Additional information to be provided for specific types of Related Party Transactions as provided in the SEBI Circular for the below:
  - i. Sale/Purchase/Supply of goods or services/any other similar business transaction/trade advances
  - ii. Loans and advances (other than trade advances) or inter-corporate deposits given by the listed entity or its subsidiary:
  - iii. Investment made by the listed entity or its subsidiary:
  - iv. Guarantee (including performance guarantee in the nature of security or contractual commitment impacting the issuer monetarily)/surety/indemnity/ comfort letter, by whatever name called, made or given by the listed entity or its subsidiary:
  - v. Borrowing by the listed entity or its subsidiary:
  - vi. Sale/ lease/ disposal of assets of a subsidiary/unit/division/undertaking of the listed entity/disposal of shares of a subsidiary or associate
  - vii. Payment of Royalty

- c. Additional information to be provided for Specific Material Related Party Transactions as provided in the SEBI Circular for the below:
  - i. Transactions relating to any loans and advances (other than trade advances), inter-corporate deposits given by the listed entity or its subsidiary:
  - ii. Investment made by the listed entity/Subsidiary
  - iii. Guarantee (including performance guarantee in the nature of security or contractual commitment impacting the issuer monetarily)/surety/indemnity/ comfort letter, by whatever name called, made or given by the listed entity or its subsidiary
  - iv. Borrowing by the listed entity or its subsidiary
  - v. Sale/lease/ disposal of assets of a subsidiary or of unit/ division/undertaking of the listed entity/disposal of shares of a subsidiary or associate
  - vi. Payment of Royalty

**B. Shareholders:**

The explanatory statement of notice of general meeting for an informed decision making about proposed related party transactions shall provide requisite disclosures as prescribed in the SEBI Circular.

## **9. PROCESS FOR DEALING WITH RELATED PARTY TRANSACTIONS**

- i. A list of all the Related Parties in relation to the Company received from the Board shall be updated from time to time.
- ii. Basis the above-mentioned list of Related Parties, every department shall, prior to entering into any contract or arrangement with a related party, ascertain whether the proposed contract or arrangement satisfies the approval mechanism prescribed under this Policy.
- iii. The contract/arrangement shall not be entered in to without the necessary approval from the Audit Committee/Board/shareholders, as the case may be. Compliance to this condition will strictly be adhered to by the concerned department proposing the underlying contractor arrangement.

## **10. AMENDMENTS**

Any change in the Policy shall be approved by the Board of the Company. The Board shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding. The Policy shall be reviewed by the Board at least once every three years and updated accordingly. Any subsequent amendment/modification in the Act or the SEBI Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

## **11. DISCLOSURE ON WEBSITE**

This Policy shall be posted on the website of the Company at [www.premierpoly.com](http://www.premierpoly.com)

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