



Exceeding Expectations...Always

PEARL GLOBAL INDUSTRIES LIMITED

POLICY FOR DETERMINATION OF MATERIALITY OF
AND DEALING WITH
RELATED PARTY TRANSACTIONS

(REVISED: MARCH 2025)

1. PREAMBLE

The Board of Directors (the “Board”) of Pearl Global Industries Limited (the “Company”) have adopted the following policy and procedures with regard to Related Party Transactions (‘Related Party Transaction (RPT) Policy’), in line with the requirement of Section 188 of the Companies Act, 2013 read with Rules made thereunder (hereinafter referred to as ‘The Act’) and Regulation 23 of Listing Regulations including subsequent amendments thereto.

The Board is authorized to amend this policy from time to time on the recommendation of the Audit Committee of the Company.

2. PURPOSE

The objective of this policy is to ensure proper approval, disclosure and reporting of transactions as applicable, between the Company and any of its related parties in the best interest of the Company and its stakeholders.

3. DEFINITIONS

a) Audit Committee means the Audit Committee of the Board constituted from time to time under the provisions of Regulation 18 of the Listing Regulations and Section 177 of the Companies Act, 2013.

b) 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.

c) Board means Board of Directors of Pearl Global Industries Limited.

d) Key Managerial Personnel in relation to a Company means the key managerial personnel as defined under section 2(51) of the Companies Act, 2013.

e) Listing Regulations means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the time being in force and includes subsequent amendments thereto.

f) Material Modification shall mean and include any modification to an existing Related Party Transaction having a variance of 20% or more of the transaction value as approved by the Audit Committee/Board/shareholders as the case may be.

g) Material Related Party Transaction is a transaction with a related party where the transaction(s) 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 the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

Notwithstanding the above, 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 listed entity as per the last audited financial statements of the listed entity

h) Related Party means related party as defined in Section 2(76) of the Act, and Regulation 2(1)(zb) of the Listing Regulations; or under the applicable Accounting Standards.

i) Related Party Transaction means transactions as prescribed under Listing regulations and the Companies Act, 2013 read with rules made thereunder between:

- the Company/ any of its subsidiaries with Related Party of the Company/any of its subsidiaries.
- the Company/any of its subsidiaries with any other person/entity
 - with a purpose to benefit a Related Party of the Company/any of its subsidiaries
 - for transfer of resources, services or obligations, regardless of whether a price is charged.

j) Relatives with reference to any person means anyone who is related to another, if-

- i. They are members of a Hindu Undivided Family.
- ii. They are husband and wife; or
- iii. One person is related to the other in the following manner:
 - (a) Father (including stepfather),
 - (b) Mother (including stepmother),
 - (c) Son (including stepson),
 - (d) Son's wife,
 - (e) Daughter,
 - (f) Daughter's husband,
 - (g) Brother (including stepbrother),
 - (h) Sister (including stepsister).

k) Transaction with a related party shall be construed to include single transaction or group of transactions in a contract.

4. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

Each Director and Key Managerial Personnel is responsible for providing notice to the Company regarding his/her concern or interest in the entity with specific concern to parties which may be considered as related parties with respect to the Company and shall also provide the list of relatives which are regarded as related party as per this policy. Directors are also required to provide information regarding their engagement with other entity during the financial year which may be regarded as a related party according to this policy.

The Company will identify potential transactions with Related Parties based on written notices of concern or interests received from its Directors / Key Managerial Personnel as well as based on the list of related parties of the Subsidiary Companies, in the manner prescribed in the Act and the rules made thereunder and Listing Regulations as amended from time to time.

5. APPROVAL OF RELATED PARTY TRANSACTIONS

I. Prior approval of Audit Committee

All Related Party Transactions and material modifications thereto, where the company or its subsidiary/ies is/are party/s shall require prior approval of Audit Committee, whether at a meeting or by Resolution by circulation.

Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.

In case where prior approval of the Audit committee could not be taken, 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 such conditions as provided under regulation 23(2)(f) of the Listing Regulations.

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;

Provided that 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.

Procedure for approval

The Audit Committee will be provided with all relevant material information about Related Party Transactions including the terms of the transactions, the business purpose of the transaction, the benefits to the Company and to the Related Party and any other relevant matters as made available by the related parties.

The Audit Committee may accordingly approve or modify such transactions, in accordance with this Policy and/or recommend the same to the Board for approval.

The Independent Directors shall pay sufficient attention and ensure that adequate deliberations are held before approving Related Party Transactions which are:

- not in Ordinary Course of Business and
- not on arm length basis and
- Material Specific Transactions

and assure them that the same is in the interest of the Company and its shareholders.

In the case of Transactions which are frequent and regular in nature and are in the normal course of business of the Company, the Audit Committee may fix up Limits within which the management may carry out such Transactions without any approval of the Audit Committee for the specific transactions if these are carried out on the principles/parameters approved by the Audit Committee.

Further, it shall periodically review and assess such limits and revise the same as deemed proper and ensure that they are complying the Policy and the guidelines herein.

Omnibus Approval

In accordance with the provisions of Regulation 23(4) of Listing regulations read with Rule 6A of the Companies (Meeting of Board and its Powers) Rules 2014, the Audit Committee may grant omnibus approval for Related Party Transactions, proposed to be entered into by the Company subject to

the following conditions:

- a) The Audit Committee shall lay down the criteria for granting 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.
- b) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.
- c) 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 formula for variation in the price if any; and
 - iii. Specific reason for entering contract with the Related Party
 - iv. The percentage of the Company's annual consolidated turnover for the immediately preceding financial year, that is represented by the value of the proposed transaction
 - v. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:
 - a. details of the source of funds in connection with the proposed transaction.
 - b. where any financial indebtedness is incurred to make or give loans, intercorporate deposits, advances or investments, nature of indebtedness, cost of funds and tenure.
 - c. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
 - vi. Such other conditions as the Audit Committee may deem fit.
- b) Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, the Audit Committee may grant omnibus approval for such transaction subject to their value not exceeding Rs. 1 Crore per transaction.
- c) Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.
- d) The Audit Committee shall review, at least on a quarterly basis, details of Related Party Transactions, entered by the Company pursuant to

each of the omnibus approval given.

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

II. Prior approval of Board of Directors

Transactions with the related parties which are either not in the Ordinary Course of Business or are not at Arm's Length shall require prior approval of the Board.

The agenda of the Board meeting at which the resolution is proposed to be moved shall disclose-

- (a) the name of the related party and nature of relationship.
- (b) the nature, duration of the contract and particulars of the contract or arrangement.
- (c) the material terms of the contract or arrangement including the value, if any.
- (d) any advance paid or received for the contract or arrangement, if any.
- (e) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract.
- (f) 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
- (g) any other information relevant or important for the Board to take a decision on the proposed transaction
- (h) such other information as required by any other relevant authority, as required by the law for the time being in force.

Where any director is interested in any contract or management 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.

III. Shareholders' approval

Shareholders' approval shall be sought in the following cases:

All the Material Related Party Transactions shall require approval of the shareholders, and the Related Parties shall abstain from voting on such resolution.

Transactions, other than the Material Related Party Transaction, with the related parties which are either not in the Ordinary Course of Business or are not on an arm's length basis and exceed the threshold under section

188 of the Companies Act, 2013 shall also require the prior approval of the shareholders and the Related Parties shall abstain from voting on such resolution.

Threshold limit prescribed under the Companies Act, 2013 are as follows:

Nature of transaction	Monetary threshold limit
Sales, purchase or supply of goods or materials (directly or through appointment of agent)	10% or more of the turnover of the Company*
Selling or otherwise disposing of, or buying property of any kind (directly or through an agent)	10% or more of the net worth of the Company *
Leasing of property of any kind	10% or more of turnover of the Company *
Availing or rendering of any service (directly or through an agent)	10% or more of the turnover of the Company *
Appointment to any office or place of profit in the Company, subsidiary company or associate Company	Remuneration exceeding Rs. 2.50 Lakh per month
Underwriting the subscription of any securities or derivatives of the Company	Remuneration exceeding 1% of net worth

* Applies to transactions or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

Note: The Turnover or Net Worth referred above shall be computed based on the Audited Financial Statements of the preceding financial year.

The explanatory statement to be annexed to the notice of a general meeting convened pursuant to [section 101](#) shall contain the following particulars, namely:-

- (a) name of the related party.
- (b) name of the director or key managerial personnel who is related, if any.
- (c) nature of relationship.
- (d) nature, material terms, monetary value and particulars of the contract or arrangements.
- (e) any other information relevant or important for the members to take a decision on the proposed resolution.

The company shall also provide such other information as required by any

other relevant authority, as required by the law for the time being in force.

No member of the Company shall vote on Resolution, to approve any contract or arrangement which may be entered by the Company, if such a member is a related party to the contract or arrangement for which the Resolution is being passed. However, in case of material related party transactions, no member/ entity of the Company who is a related party shall vote on such Resolution for the approval of any contract or arrangement pertaining to a Related Party Transaction.

IV. Related party transactions not approved under this policy

In the event, the Company become aware of a transaction with a Related Party, that has not been approved under this policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all the relevant facts and circumstances regarding the Related Party Transaction, revision or termination of the Related Party Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy and failure of the internal control systems and shall take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a Related Party Transaction that has been commenced without approval, that Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party etc. in connection with any review of a Related Party Transaction, the Audit Committee has authority to modify or waive any procedural requirements of Policy.

V. Disclosure of related party transactions

Every Related Party Transaction entered by the Company shall be referred to in the Board's report to the shareholders along with justification for entering such a transaction. The Company Secretary / Compliance Officer shall also make necessary entries in the Register of Contracts required to be maintained under the Companies Act, 2013.

The Company shall disclose the stock exchange/s in the following manner:

- along with the compliance report on corporate governance on a quarterly basis, details of all material transactions with Related Parties
- disclosures of related party transactions on a consolidated basis after the half yearly/annual publication of financial results in a separate return as well as in the integrated filings to be filed alongside financial results on

quarterly basis.

The Company shall host this Policy - on its website (www.pearlglobal.com) and a web link thereto shall be provided in its Annual Report.

6. LIMITATION

In the event of any conflict between the provisions of this Policy and of the Listing Regulations /Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Regulations / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

7. DISSEMINATION OF POLICY

Either this Policy or the important provisions of this policy shall be disseminated to all functional and operational employees and other concerned persons of the Company and shall be hosted on the intranet and website of the Company and web link thereto shall be provided in the annual report of the Company.

8. REVIEW OF POLICY

The Policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the policy due to changes in the Regulations or as may be felt appropriate by the Committee. Any changes or modification to the Policy as recommended by the Committee would be presented with the Board of Directors for approval. Provided that this policy shall be reviewed by the board of directors at least once every three years and updated accordingly.
