



PACT INDUSTRIES LTD.

Pact Industries Limited's Related Party Transactions (RPT) Policy (Pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time)

1. Introduction

Pact Industries Limited ("the Company") recognizes that related party transactions can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company's and its shareholders' best interests. This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions.

Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 ("Act") read with the Rules framed there under and Regulations 23 read with 2(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") as amended from time to time, __Limited ("Company") has formulated guidelines for identification of related parties and the proper conduct and documentation of all Related Party Transactions.

In the light of the above, the Company has framed this Policy on Related Party Transactions ("Policy"). This Policy has been adopted by the Board of Directors of the Company ("Board") based on the recommendations of the Audit Committee. Going forward, the Audit Committee will review and amend the Policy, as and when required, subject to adoption by the Board.

2. Objectives

The objective of this Policy is to set out:

- i. the basis of identifying related parties of the Company as well as related party transactions,
- ii. the materiality thresholds for related party transactions, and
- iii. 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.

3. Definitions

- a. "Act" means the Companies Act, 2013 as amended from time to time;
- b. "Arm's Length basis" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- c. "Audit Committee" shall mean the audit committee constituted by the Board from time to time, in accordance with the provisions of the Act and the SEBI Listing Regulations. Presently Audit Committee is constituted by three (3) Independent Directors, which constitutes 50% strength of the Board of Directors of the Company.

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- d. "Board of Directors" or "Board" means the collective body of the Directors of the Company, as constituted from time to time, in line with the provisions of the Act and the SEBI Listing Regulations.
- e. "SEBI Listing Regulations" means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
- f. "Key managerial personnel", in relation to a Company, means the Key Managerial Personnel of the Company as defined under the Act.
- g. "Material Related Party Transaction" means a transaction with a Related Party 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.
- i. "Policy" means the Policy on Related Party Transactions, including amendments, if any, from time to time.
- j. "Related Party" means a related party as defined under the Act read with Clause 49 of the Listing Agreement and as amended from time to time.
- k. "Related Party Transaction" have the meaning as defined 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:
- l. "Relative" means a relative as defined under the Act.

4. Materiality Thresholds

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 ("RPs") 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 negative vote to reject the resolution seeking approval of material RPT(s)).

The Company has fixed the following materiality thresholds for the purpose of Regulation 23 of the SEBI Listing Regulations:

- Payment to a Related Party with respect to brand usage or royalty, if any, 5% of the annual consolidated turnover of the Company as per its last audited financial statements.
- Other transactions with a Related Party –a. Rs. 1,000 crore OR b. 10% of the consolidated annual turnover of the Company as per its last audited consolidated financial statements, whichever is lower.
- Related Party Transaction policy on materiality and its threshold limits shall be reviewed by the Audit Committee and the Board, once in every three years and updated accordingly

5. Manner of dealing with Related Party Transaction:

5.1 Identification of 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.

5.2 Identification of Related Party Transactions:

The Company has formulated guidelines for identification of 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. The Company has also formulated guidelines for determining whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company will seek external expert opinion, if necessary. Once the Related Party Transactions are identified, the Management shall categorize 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 concern or interest.
- c. Residual Related Party Transactions.

6. Procedure for approval of Related Party Transaction

6.1.1 Approval of the Audit Committee

A. Prior approval of the Audit Committee shall be required for:

- 1. All Related Party Transactions and subsequent material modifications as defined by the Audit Committee;
- 2. RPTs where subsidiary is a party but the Company is not a party and the transaction amount exceeds the threshold of:
 - i. 10% of the consolidated turnover of the Company w.e.f. April 1, 2022
 - ii. 10% of the standalone turnover of the subsidiary w.e.f. April 1, 2023

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

B. Pursuant to the approval of the Board of Directors, the Audit Committee of the Company has specified following criteria for granting omnibus approval:

- a. The maximum value of the transactions, in aggregate, which can be allowed under omnibus route in a year will be [50% of the annual consolidated turnover of the Company as per its last audited financial statements], subject to the transaction(s) exceeding the materiality threshold which require shareholder approval will not be considered for this limit.
- b. The maximum value per transaction which can be approved under omnibus route will be the same as per the materiality threshold as defined in the Policy. Should the value per transaction, through omnibus route, exceed the materiality threshold as defined in the Policy, the same shall be subject to approval of shareholders of the Company.
- c. While assessing a proposal put up before the Audit Committee / Board for approval, the Audit Committee / Board may review the following documents / seek the following information from the

management in order to determine if the transaction is in the ordinary course of business and at arm's length or not:

- i. The name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into;
- ii. The indicative base price / current contracted price and the formula for variation in the price, if any;
- iii. Minimum Information to be placed before the Audit Committee as required under the Industry Standards, and
- iv. Such other information/documents/confirmations as the Audit Committee may deem fit from time to time.

d. The Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered by the Company pursuant to each omnibus approval given.

e. Transaction of following nature will not be subject to the omnibus approval of the Audit Committee:

1. Transactions which are not at arm's length or not in the ordinary course of business;
2. Transactions which are not repetitive in nature;
3. Transactions exceeding materiality thresholds as laid down in the Policy;
4. Transactions in respect of selling or disposing of the undertaking of the Company;
5. 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; and
6. Any other transaction as the Audit Committee may deem not fit for omnibus approval.

C. Audit Committee has defined "Material Modifications" as following:

Material Modifications of Related Party Transaction in relation to the Company means and includes any modification to an existing related party transaction having variance of [20%] of the existing limit as sanctioned by the Audit Committee / Board / Shareholders, as the case may be.

6.1.2 Approval of the Board of Directors of the Company

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.

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. Disclosures

- a. 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.
- b. The Company shall place all the information, as specified in Industry Standards read with the provisions of SEBI Listing Regulations, Companies Act, 2013 as well as additional information specified by SEBI from time to time, for review of the Audit Committee while seeking prior approval of the RPTs.
- c. The Company shall place all the information, as specified in Industry Standards read with the provisions of SEBI Listing Regulations, Companies Act, 2013 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.
- d. 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.

8. Related Party Transactions not approved under this Policy

The members of the Audit Committee, who are independent directors, may ratify the Related Party Transactions within 3 months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier. Ratification is subject to certain conditions as specified in the Listing Regulations. The failure to seek ratification of the Audit Committee shall render Related Party Transactions 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 director, the director(s) concerned shall indemnify the Company against any losses incurred.

9. Review of the Policy

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

10. Compliance Responsibility

Compliance of this Policy shall be the responsibility of the Vice President - Financial and the Company Secretary, severally, who shall have the power to ask for any information or clarifications from the Management in this regard.

Reviewed by the AC and Adopted by the Board on 31.03.2026