



PPAP AUTOMOTIVE LIMITED

Policy on Related Party Transactions

| DETAILS | PARTICULARS | |
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A. Preamble

The Board of Directors of PPAP Automotive Limited (“the Company” or “PPAP”), has adopted the policy on Related Party Transactions to regulate the transactions between the Company and its Related Parties in compliance with the requirements of Section 188 of the Companies Act, 2013 and Rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (“the Regulations”).

B. Purpose

This Policy is intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders.

All Related Party Transactions must be reported to and placed for approval of the Audit Committee.

C. Definitions

1. **“Act”** shall mean the Companies Act, 2013 and the Rules made there under, including any modifications, amendments, clarifications, circulars or re-enactment thereof.
2. **“Arm’s Length”** means a transaction between two Related Parties that is conducted as if they were unrelated, so that there is no conflict of interest.
3. **“Audit Committee or Committee”** means Committee of Board of Directors of the Company constituted under Regulation 18 of the Regulations and Section 177 of the Companies Act, 2013 or any other Act for the time being in force.
4. **“Board”** means the Board of Directors of the Company.
5. **“Control”** shall have the same meaning as defined under Regulation 2(1)(e) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time.
6. **“Director”** means a member of the Board of Directors of the Company.
7. **“Key Managerial Personnel” or “KMP”** means key managerial personnel as defined under Section 203 of the Companies Act, 2013, as amended from time to time.
8. **“Material Related Party Transaction”** means a transaction with a Related Party if the transaction / transactions:
 - (a) to be entered into individually or taken together with previous transactions during a financial year, exceeds the thresholds specified in Schedule XII of these regulations.
 - (b) 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.
9. **“Material Modification”** mean and include 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.

10. **“Ordinary course of business”** means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities.
11. **“Policy”** means Related Party Transactions Policy.
12. **“Related Party”** has the meaning assigned under:
- (a) Section 2(76) of the Companies Act, 2013.
 - (b) Regulation 2(1)(zb) of the Regulations.
 - (c) Applicable accounting standards, as amended from time to time.
13. **“Related Party Transaction”** means 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, with effect from April 1, 2023; 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.

Provided that the following shall not be a related party transaction

- i. the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
 - ii. the following corporate actions by the Company which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - payment of dividend
 - subdivision or consolidation of securities
 - issuance of securities by way of a rights issue or a bonus issue
 - buy-back of securities
- (c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board
- (d) acceptance of current account deposits and saving account deposits by banks in compliance with the directions issued by the Reserve Bank of India or any other central bank in the relevant jurisdiction from time to time:
- Explanation: For the purpose of clauses (c) and (d) above, acceptance of deposits includes payment of interest thereon.
- (e) retail purchases from any listed entity or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors

Note: Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognized stock exchange(s);

14. **“Relatives”** means relative as defined under Section 2(77) the Companies Act, 2013 and Rules made there under, as amended from time to time.

D. Manner of dealing with Related Party Transactions

1. Identification of Related Parties

The Company will identify the Related Parties as defined under Section 2(76) of the Companies Act, 2013 read with the Rules made there under and Regulation 2(1)(zb) of the Regulations.

2. Identification of Related Party Transactions

The Company Secretary or Chief Financial Officer shall, in consultation with the Managing Director, will identify the potential transactions with the Related Parties in accordance with Section 188 read with Section 177 of the Companies Act, 2013 and Regulation 2(1)(zc) of the Regulations and place before the Board or Committee for their record.

3. Review and approval of Related Party Transactions

Audit Committee

- (a) Every Related Party Transaction and subsequent material modification shall be subject to the prior approval of the Audit Committee.

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

- (b) A related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, 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 exceeds the lower of the following:

- i. Ten percent of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary; or
- ii. The threshold for material related party transactions of listed entity as specified in schedule XII of these regulations.

- (c) In the event of a related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of a listed entity is a party but the listed entity is not a party and 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. 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 listed entity as specified in Schedule XII of these regulations:

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 three months prior to the date of seeking approval of the audit committee.

Prior approval of the audit committee of the Company 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 the Regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as mentioned above, the prior approval of the audit committee of the listed subsidiary shall suffice.

- (d) However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into with the Company or its subsidiary company which are repetitive in nature and are in the ordinary course of business and are at arm's length basis, subject to compliance under Section 188 of the Companies Act, 2013, Rules made thereunder and Regulation 23 of the Regulations, as amended from time to time.
- (e) Any member of the Committee who has a potential interest in any Related Party Transaction shall abstain from discussion and voting of such Related Party Transaction.
- (f) The maximum value per transaction which can be approved under omnibus route will be the same as per the materiality threshold as defined in Section F of this Policy. The Audit Committee may allow omnibus approval to any Related Party Transaction exceeding the aforesaid limit on need basis after approval of the Board.
- (g) The Audit Committee shall review at least on a quarterly basis, the details of Related Party Transactions entered by the Company or its subsidiary company pursuant to each of the omnibus approval given.
- (h) The omnibus approval shall be valid for a period not exceeding one (1) financial year and shall require fresh approval after the expiry of one (1) financial year.

"In order to facilitate alignment of the Company's processes for conducting Annual General Meetings and obtaining omnibus shareholders' approval for Material Related Party Transactions, the omnibus approval for Material Related Party Transactions obtained from shareholders at an Annual General Meeting shall be valid up to the date of the next Annual General Meeting for a period not exceeding fifteen months.

In case omnibus approval for Material Related Party Transactions is obtained from shareholders in a general meeting other than an Annual General Meeting, the validity of such omnibus approval shall not exceed one year."

Board

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case decides to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction and the considerations set forth above shall apply to the Board's review and approval of

the matter, with such modification as may be necessary or appropriate under the circumstances.

Shareholders

- (a) All the transactions with the Related Parties exceeding the materiality thresholds, as laid down in section F of this Policy, shall require prior shareholder approval.
- (b) Provided that prior approval of the shareholders of the Company shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of the Regulations are applicable to such listed subsidiary.
- (c) 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.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.

- (d) Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee or Shareholders:
 - i. 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 recognize stock exchange within one day of the resolution plan being approved.
 - ii. 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.
 - iii. transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between the Company on one hand and the Central Government or any State Government or any combination thereof on the other hand.

E. Related Party Transactions not approved under this Policy

In any event the Company becomes 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 Committee. The Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee may examine the facts and circumstances of the case and take any such action it deems appropriate.

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 regulation 23(1) of this regulation;
- (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 provisions of regulation 23(9) of this regulation.

(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 listed entity against any loss incurred by it.

F. Materiality Thresholds

The threshold limits for approval of Related Party Transactions by Audit Committee or the Board or shareholders in general meeting under Regulation 23 of the Regulations are as mentioned below.

- i. All transactions with a Related Party which exceeds the thresholds specified in Schedule XII of these regulations.
- ii. 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.
- iii. Thresholds prescribed under the Companies Act, 2013.

G. Disclosures

Details of all Material Related Party Transactions shall be disclosed, a quarterly compliance report on corporate governance, as required under Regulation 27 of the Regulations, and the same shall be placed before the meeting of the Board of Directors of the Company.

The related party transactions shall be disclosed to stock exchange on half yearly basis within the prescribed time in the format as specified by the SEBI from time to time and publish the same on its website.

H. Periodic Review

The Board on recommendation of the Audit Committee of the Company shall review the Policy once in three years and may amend the same from time to time, and the decision of the Board in this respect shall be final and binding.

I. Dissemination of Policy

Nothing in this Policy shall override any provisions of law made in respect of any matter stated in this Policy.