

**(Revised and Approved by the Board of Directors in the Board Meeting held on 14<sup>th</sup> November 2025)**

**(Effective from 01.09.2025)**

## **POLICY ON TRANSACTIONS WITH RELATED PARTIES**

### **1. PREAMBLE**

The Board of Directors of PBM Polytex Ltd. (hereinafter referred to as the **“Company”**) has, upon the recommendation of the Audit Committee, adopted this policy to regulate the transactions between the company and its Related Parties (hereinafter referred to as the **“RPT Policy” or “Policy”**) in line with the requirements of the Section 188 of the Companies Act, 2013 read with Rules made thereunder (hereinafter referred to as **“the Act”**) and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the **“Listing Regulations”**) as amended from time to time.

This Policy is revised by the Board of Directors at their meeting held on 21<sup>st</sup> February, 2019, and further amended and adopted by the Board of Directors in the Board Meeting held on 30<sup>th</sup> June, 2021, 13<sup>th</sup> February, 2023 and 14<sup>th</sup> November 2025 respectively.

Going forward, the Audit Committee will review the Policy at least once every three years and amend the Policy, as and when required, subject to the adoption by the Board.

### **2. OBJECTIVE**

“Listing Regulations” mandates formulation of a policy on Materiality of Related Party Transactions and also on dealings with related party transactions. This policy has been framed to comply with this requirement.

The objective of this policy is to ensure good corporate governance, approvals, disclosures and reporting of transactions between the Company and one or more of its related parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders. The Policy included materiality threshold and the manner of dealing with Related Party Transactions.

### **3. DEFINITIONS**

**3.1 “Act”** means Companies Act, 2013 and the Rules framed there under, including any modifications, amendments, clarifications, circulars or re-enactments thereof.

**3.2 “Listing Regulations”** means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

**3.3 “Company”** means “PBM Polytex Limited”

**3.4 “Board”** means the Board of Directors of the Company as defined under the Companies Act, 2013.

**3.5 "Audit Committee"** means the Committee of the Board constituted from time to time under the provisions of the Listing Regulations and the Companies Act, 2013.

**3.6 "Arm's length basis"** means a transaction between the Company and the related parties that, is conducted as if they were unrelated, so that there is no conflict of interest.

**3.7 "Ordinary course of business"** means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per its Memorandum & Articles of Association. The Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines;

**3.8 "Key Managerial Personnel" or "KMP"** shall have the meaning as defined in Companies Act, 2013 and the rules made thereunder.

**3.9 "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 further modified by SEBI Circular dated October 13, 2025.

**3.10 "Material modification"** will mean and include any modification to an existing related party transaction ("**RPT**") having variance of 20% of the existing limit or Rs.1 Crore whichever is higher as sanctioned by the Audit Committee.

*Provided that change in the value of RPT on account of change in the existing RPTs due to the reasons beyond the control of the Related Parties or any change due to revision / imposition of statutory levies like taxes, duties etc. shall not be considered as Material Modification.*

**3.11 "Material Related Party Transaction"** means a transaction with a Related Party if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds **10% (ten percent) of annual consolidated turnover** as per the last audited financial statements of the Company as per the threshold specified in Regulation 23(1) read with Schedule XII of the Listing Regulations.

Further, 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 individually or taken together with previous transactions during a financial year, exceed 5% (five percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

**3.12 "Office or Place of Profit" means any office or place -**

- i. where such office or place is held by a director, if the director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
- ii. where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent- free accommodation, or otherwise.

**3.13 "Related Party"** means a related party as defined under Section 2(76) of the Act and under 2(1)(zb) of the Listing Regulations.

*Provided, any person or entity forming part of the promoter or promoter group; or any person or entity holding equity shares of 10% (ten percent) or more shall be deemed to be a related party.*

**3.14 "Related Party Transaction"** have the meaning as defined under Section 188 of the Act read with Regulation 2(1)(zc) of the Listing Regulations, as amended, from time to time.

**3.15 "Relative"** means a relative as defined under section 2(77) of the Act.

**3.16 "Transaction"** with a related party shall be construed to include single transaction or a group of transactions in a contract.

**3.17 "Specified Related Party Transactions"**: means the following transactions with Related Parties which are not in the ordinary course of business of the Company or which are in the ordinary course of business but not at arm's length:

- a) sale, purchase or supply of any goods or materials;
- b) selling or otherwise disposing of, or buying, property of any kind;
- c) leasing of property of any kind;
- d) availing or rendering of any services;
- e) appointment to any office or place of profit in the Company, its subsidiary company or Associate Company at a monthly remuneration exceeding two and a half lakh rupees; or
- f) Underwriting the subscription of any securities or derivatives thereof, of the Company exceeding 1% of the Net Worth.

*Any other term not defined herein shall have the same meaning as defined in the Act, the Listing Regulations or any other applicable law or regulation, each as amended.*

## **4. Manner of dealing with Related Party Transactions**

### **4.1 Identification of Related Parties**

The Company will identify and update the list of related parties as prescribed under section 2(76) of the Act read with the Rules thereunder and Regulation 2(1)(zb) of the Listing Regulations.

Each Director and Key Managerial Personnel shall disclose to the company secretary of the company their 'Related Parties' by virtue of his/her being Director/KMP of the Company. Such Disclosure shall be provided at the time of appointment, at the beginning of the financial year and at the time of any changes thereto during the financial year as immediately as practicable.

### **4.2 Identification of Related Party Transactions**

The Audit Committee will identify Related Party Transactions and potential transactions, if any, with Directors or Key Managerial Personnel or their relatives.

## **5. APPROVAL PROCESS**

### **5.1 Approval of Audit Committee:**

5.1.1 All related party transactions and subsequent modifications shall require prior approval of the Audit Committee of the Company at its meeting or by way of resolution by circulation. Members of Audit Committee, who are Independent Directors, shall only approve the related party transactions.

5.1.2 Any member of the Committee who has a potential interest in any related party transaction will abstain from any discussion or voting of such proposals and shall not be counted in determining the presence of quorum when such Transaction is considered. In the event the Company Management determines that it is impractical or undesirable to wait until a meeting of the Committee to enter into a Related Party Transaction, such transaction may be approved by the Committee by way of circular resolution in accordance with this Policy and statutory provisions for the time being in force. Any such approval must be ratified by the Committee at its next scheduled meeting.

5.1.3 While considering any Related Party Transaction, the Audit Committee shall take into account all relevant facts and circumstances, including the terms and business purpose of such transaction, the benefits of the Company and to the Related Party, whether such Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction and any other relevant matters.

5.1.4 **Omnibus Approval:** The Audit Committee may, subject to applicable regulatory provisions, may grant omnibus approval for related party transaction proposed to be entered into by the company subject to compliance with the following conditions:

- a. The Audit Committee shall, after obtaining the approval of the Board of Directors, specify the criteria for granting the omnibus approval, in line with this Policy and such approval shall be applicable in respect of transactions which are repetitive in nature.
- b. The Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company.
- c. Such omnibus approval shall specify the following:
  - (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;
  - (iv) such other conditions as the audit committee may deem fit.
- d. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one financial year.
- d. Audit Committee shall review, on a quarterly basis, the details of related party transactions entered into by the Company pursuant to the omnibus approval. In connection with any review of a related party transaction, the Committee has authority to modify or waive any procedural requirements of this policy. To review a related party transaction, the committee will be provided with all relevant material information including the terms of the transaction.
- e. A related party transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, will be placed before the Audit Committee for ratification.

## **5.2 Approval of Board of Directors:**

If the Audit Committee determines that a related party transaction should be brought before the Board, or if the Board in any case wishes to review any such matter or if the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length price, the Board shall approve the related party transaction, as may be necessary.

In case of any material change in the terms of a related party transaction, subsequent to its approval by the Audit Committee or the Board, as the case may be, the revised terms shall be presented to the Audit Committee for their consideration.

Any member of the Board who has a potential conflict of interest in any Related party Transaction will not remain present at the meeting or shall abstain from discussion and voting on the approval of such Related Party Transaction and shall not be counted in determining the presence of quorum when such Transaction is considered.

### **5.3 Approval of Shareholders:**

All material Related Party Transactions will be placed for approval of the Shareholders of the Company through Ordinary Resolutions and the related parties shall abstain from voting on such resolutions, as prescribed under applicable regulations.

In respect of other transactions, other than the Material Related Party Transaction, with the related parties which are not in the Ordinary Course of Business and at Arms' Length Basis, the company shall comply with the provisions of the Companies Act, 2013 and the applicable listing regulations and provisions and obtain approval of the Board and / or shareholders, as applicable for such transactions.

Transactions with the Related parties (as defined under the Companies Act, 2013) covered within the scope of Section 188 of the Act, which are either not in the 'Ordinary Course of Business' and exceeds the threshold under Section 188 of the Companies Act, 2013 and the rules made there under, shall require prior approval of the shareholders through a resolution.

The requirement of seeking approval of the Audit Committee or the shareholders, shall not apply in respect of exempted transactions as specified under Companies Act, 2013 and in applicable listing regulations and provisions.

The requirements of approval specified under this Policy shall not apply in respect of a resolution plan approved under Section 31 of the Insolvency and Bankruptcy Code, 2016 including any statutory modification(s) or re-enactment thereof, subject to the event being disclosed to the recognized stock exchanges within 1 (one) day of the resolution plan being approved.

Further if 90 % (ninety percent) or more members of the Company, in number, are relatives of promoters or are related parties then that such members who are related party(ies) is/are eligible to entitle to vote on such resolutions whether the Company is a related party to the particular transaction or not.

## **6. RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED**

In the event the company becomes aware of the Related Party Transactions that has not been approved or ratified under this policy, the transaction(s) shall be placed as practicable before the Audit Committee or Board of Directors or the Shareholders as may be required in accordance with this policy for review and ratification.

The Audit Committee or the Board of Directors or the shareholders shall consider all relevant facts and circumstances or such transactions and shall evaluate all options available to the company, including but not limited to ratification, revision or termination of such transaction and the company shall take such actions as the Audit Committee deems appropriate under the circumstances.

## **7. Criteria for approving Related Party Transactions:**

The following criteria shall be taken into account, in determining whether to approve, ratify, disapprove or reject a Related Party Transaction and assessing the Related Party transactions:

- i. whether the Related Party Transaction is entered into on terms no less favourable to the Company than terms generally available to an unrelated third-party under the same or similar circumstances;
- ii. the terms of such transaction;
- iii. the Related Party's interest in the transaction;
- iv. purpose and timing of the transaction;
- v. whether the Company is a party to the transaction, and if no, the nature of the Company's participation in the transaction;
- vi. if the transaction involves the sale of an asset, a description of the asset, including date acquired and costs basis;
- vii. Information concerning potential counterparties in the transaction;
- viii. Approximate rupee value of the transaction and approximate rupee value of the Related Party's interest in the transaction;
- ix. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- x. any other relevant information regarding the transaction.

## **9. DISCLOSURES**

Every contract or arrangement, which is required to be approved by the Board/shareholders under this Policy, shall be referred to in the Board's Report to the shareholders along with the justification for entering into such contract or arrangement.

Related party transactions (RPTs) shall also be governed by Industry Standards on "Minimum information to be provided to the Audit Committee and Shareholders for approvals of RPTs issued by SEBI vide circular no. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/93 dated 26<sup>th</sup> June 2025 further modified by SEBI Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/135 dated 13<sup>th</sup> October 2025, effective from 1<sup>st</sup> September 2025.

The Company shall submit disclosures of related party transactions every six months on the date of publication of its standalone financial results, on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on the Company's website.

The Company shall disclose the Policy on its website and web- link shall be provided in the Annual Report.

## **10. REVIEW/AMENDMENTS**

This Policy (including threshold limits) shall be reviewed by the Board of Directors at least once every three years and/or as and when required subject to applicable laws and updated / amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, as it may deem necessary.