

PATEL ENGINEERING LTD.

POLICY

Related Party Transactions

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Document Control sheet

Version	Date	Changes and Reason for change
1.0	October 01, 2014	Effective date
2.0	February 14, 2019	Reviewed and changes made to align with SEBI (Listing Obligation and Requirements) Regulation, 2015
3.0	February 09, 2022	Reviewed and changes made to align with SEBI (Listing Obligations and Requirements) Regulation 2015
4.0	February 12, 2025	Reviewed and changes made to align with SEBI LODR Third Amendment) Regulation 2024.

1. Introduction

Patel Engineering Limited ('the Company') has adopted this Policy, upon the recommendation of the Audit Committee and the said Policy is in compliance with the requirements of Section 188 of the Companies Act, 2013 and rules thereunder ('the Act') and SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015 (as amended) (SEBI LODR).

2. Purpose of this Policy:

- i. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 ("the Act") read with the Rules framed there under and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") as amended from time to time, the Company has formulated this policy (Policy) on materiality of Related Party Transaction and also on dealing with Related Party Transactions.
- ii. A related party transaction shall be considered as material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year exceeds Rs. 1,000 crore or ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statement 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 exceeds five percent of the annual consolidated turnover of the listed entity as per the last audited financial statement of the listed entity.

- iii. Material modification will 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.

3. Definitions

"Act" shall mean the Companies Act, 2013 and includes any amendment thereof.

Words and expressions used and not defined in the Policy shall have the same meanings as assigned to them in the Act and the Rules thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), as amended from time to time.

4. Review and approval of Related Party Transaction

A. Audit Committee

- i. All Related Party Transactions and subsequent material modifications shall require prior approval of the Audit Committee. The Audit Committee shall consider all relevant factors while deliberating the Related Party Transactions for its approval. Provided that only those members of the Audit Committee, who are independent directors, shall approve these related party transactions.
- ii. Prior approval of the Audit Committee of the Company shall be required for Related Party Transactions to which the subsidiary of the Company is a party and

the Company is not a party as mentioned under Regulation 23(2) of the Listing Regulation

- iii. *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(1) of Listing Regulations.
- iv. The Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive in nature and subject to such criteria/conditions as mentioned under Regulation 23(3) of the Listing Regulations and such other conditions as may consider necessary in line with this Policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after expiry of one year.

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.

- v. The Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions entered into by the Company and its subsidiary 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 requirement of this Policy.
- vi. 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.

*The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of 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
- (iii) rationale for inability to seek prior approval for the transaction shall be placed before audit committee at the time of seeking ratification;
- (iv) the details of ratification shall be disclosed along with the disclosures of related party transactions;
- (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."

- vii. Any Audit Committee member who has a potential interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party transaction. A Related Party Transaction which is (i) not in the ordinary course of business, or (ii) not at arms's length price, would require approval of Board or of shareholders as stated herein below.

**Inserted vide Board Resolution dated February 12, 2025*

B. Board of Directors

All Related Party Transactions not in the ordinary course of business or not at arm's length, the Company shall comply with the provisions of the Companies Act, 2013 and the Rules framed thereunder and obtain approval of the Board, for such transaction/modification.

C. Shareholders

All Material Related Party Transactions and any subsequent material modification as defined earlier shall require prior approval of the shareholders through ordinary resolution. However, prior approval of the shareholders of the Company shall not be required for such cases as may be prescribed under SEBI Listing Regulation, as amended or as notified by any regulatory authority.

All entities falling under the definition of related parties shall not vote to approve the relevant transaction(s) irrespective of whether the entity is a party to the particular transaction or not.

The explanatory statement for this purpose of such resolution should contain the particulars as stated under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 as amended from time to time and in terms of SEBI Listing Regulations/its circular as amended from time to time.

D. Non applicability

The provisions of regulation 23(2), (3) and (4) shall not be applicable

- in case of transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- in case of transactions entered into between wholly owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- *transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between Company on one hand and the Central Government or any State Government or any combination thereof on the other hand.

Disclosure/Review

The Audit committee shall have authority to modify or waive any procedural requirements of this policy.

In the event of any conflict between the provisions of this Policy and provisions of SEBI LODR or any other applicable laws for the time being in force, the later shall prevail over the Policy.

This Policy or the relevant provisions of this policy shall be disseminated to all concerned employees of the Company and shall also be uploaded on the website of the Company and web link thereto shall be provided in the Annual Report of the Company.

The Company shall make RPT disclosures to the Stock Exchange in terms of SEBI Listing Regulation/it's circular as amended from time to time.

**Inserted vide Board Resolution dated February 12, 2025.*

The policy shall be amended as required from time to time in case of any changes in the SEBI LODR or/and the Act and the rules made thereunder.