



PNC INFRA TECH LIMITED

POLICY ON MATERIALITY AND DEALING WITH RELATED PARTY TRANSACTIONS

PNC INFRA TECH LIMITED

1. INTRODUCTION

The Board of Directors (the “Board”) of PNC Infratech Limited (the “Company”) has adopted the following policy and procedures with regard to Related Party Transactions as defined hereunder. The Audit Committee of the Board is empowered to review and may amend this policy from time to time.

This policy will be applicable to the Company from the date of listing. This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable to the Company and also provides for materiality of related party transactions.

2. PURPOSE

This policy is framed considering the requirements for approval of Related Party transactions pursuant to the rules framed under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR Regulations”) read with the provisions prescribed under Companies Act, 2013 (“the Act”) along with its amendment or modifications therein.

DEFINITIONS

- “**Act**” means Companies Act, 2013 and the rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactments thereof.
- “**Audit Committee or Committee**” means “Audit Committee” constituted by the Board of Directors of the Company under provisions of LODR Regulations and Companies Act, 2013, from time to time.
- “**Board of Director**” or “**Board**” means the Board of Directors of PNC Infratech Limited, as constituted from time to time.
- “**Key Managerial Personnel**” or “**Key Management Personnel**” means Key Managerial Personnel as defined under the Companies Act, 2013 and the Rules made there under.
- “**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. For determination of Arm’s Length basis, guidance may be taken from provisions of Transfer Pricing under Income Tax Act, 1961.
- “**Company**” means PNC Infratech Limited.
- “**Material Modification**” means any modification to an existing Related Party Transaction having a variance of 25% of the existing limit as sanctioned by the Audit Committee / Board / shareholders of the Company, as the case may be;
- “**Material Related Party Transaction**” means any 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 the following thresholds:
 - i. In case of transactions involving payments made to a Related Party with respect to brand usage or royalty, exceeding 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company; and
 - ii. In case of any other transactions, if the value of the transactions exceeds Rupees One thousand crore or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower;
- “**Policy**” means Policy On Materiality And Dealing With Related Party Transactions;
- “**Related Party**” means a person or an entity if:
 - i) Such person or entity is related party as defined under section 2(76) of the Act; or
 - ii) Such person or entity is related party under the applicable accounting standardsProvided that the following shall be deemed to be a related party:
 - (i) any person or entity forming a part of the promoter or promoter group of the Company; or

(ii) any person or any entity, holding equity shares in the Company either directly or on a beneficial interest basis as provided under Section 89 of the Act, at any time, during the immediate preceding financial year:

(a) of 20% or more; or

(b) with effect from April 1, 2023, of 10% or more;

• **“Related Party Transaction”** is a transfer of resources, services or obligations between :

(i) a 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; or

(ii) **with effect from April 1, 2023** a 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

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.

• **“Relatives”**: “Relative”, 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 such manner as may be prescribed, which is as follows:

a) Father (including step-father)

b) Mother (including step-mother)

c) Son (including step-son)

d) Son’s wife

e) Daughter

f) Daughter’s husband

g) Brother (including step-brother)

h) Sister (including step- sister)

3. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

The potential Related Party Transaction shall be any contract or arrangement entered by the Company with a Related Party such as:

i. Sale, purchase or supply of any goods or materials;

ii. Selling or otherwise disposing of, or buying property of any kind;

iii. Leasing of property of any kind;

iv. Availing or rendering of any services;

v. Appointment of any agent for purchase or sale of goods, materials, services or property;

vi. Appointment of a Related Party to any office or place of profit in the Company, its subsidiary company or associate company;

vii. Underwriting the subscription of any securities or derivatives thereof, of the Company; and

viii. Any other transaction involving transfer of resources, services or obligations between the Company and the Related Party, regardless of whether a price is charged.

Each Director and Key Managerial Personnel of the Company and its subsidiaries is responsible for providing Notice to the Board / Audit Committee of any potential Related Party Transaction involving him/her or his or her relative, including any additional information about the transaction that the Board/Audit Committee may reasonable require. The Board / Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.

4. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

AUDIT COMMITTEE

- a) Prior approval of the Audit Committee is required to be taken for entering into all Related Party Transactions and subsequent Material Modifications thereof. However, only those members of the Audit Committee, who are independent directors, shall approve such Related Party Transactions.
- b) A Related Party Transaction to which a subsidiary of the Company is a party, but the Company is not a party, shall require prior approval of the Audit Committee if the value of such transaction, whether entered into individually or taken together with previous transactions during a financial year :
 - exceeds 10% of the annual consolidated turnover, as per the last audited financial statements of the Company;
 - with effect from April 1, 2023, exceeds 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary.
- c) Prior approval of the Audit Committee shall not be required for a Related Party Transaction to which a listed subsidiary of the Company, if any, is a party, but the Company is not a party, provided that Regulation 23 and sub-regulation (2) of Regulation 15 of the LODR Regulations are applicable to such listed subsidiary. In case of Related Party Transactions involving unlisted subsidiaries of a listed subsidiary as referred to above, prior approval of the audit committee of the listed subsidiary shall be suffice.
- d) The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company, subject to such conditions as prescribed under the LODR Regulations and the Act.
- e) The Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approvals granted. Omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- f) The Audit Committee of the Company shall also be required to review the status of long- term Related Party Transactions that are valid for a period of more than one year, or transactions of a recurring nature on an annual basis.

INFORMATION TO BE REVIEWED BY THE AUDIT COMMITTEE FOR APPROVAL OF RELATED PARTY TRANSACTIONS

The Company shall provide the following information to the Audit Committee for its review for approval of a proposed Related Party Transaction:

- i. Type, material terms and particulars of the proposed transaction;
- ii. Name of the Related Party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise);
- iii. Tenure of the proposed transaction (particular tenure is required to be specified);
- iv. Value of the proposed transaction;
- v. 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. For a Related Party Transaction involving a subsidiary, such percentage is required to be calculated on the basis of the subsidiary's annual turnover on a standalone basis and be provided to Audit Committee;
- vi. If a Related Party Transaction relates to any loans, inter-corporate deposits, advances, or investments made or given by the Company 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, inter- corporate 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;

- d) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the Related Party Transaction;
- vii. Justification as to why the Related Party Transaction is in the interest of Company;
- viii. A copy of the valuation or other external party report, if any such report has been relied upon;
- ix. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed Related Party Transaction on a voluntary basis; and
- x. Any other information that may be relevant.

BOARD

Prior approval of the Board is required to be taken before entering into Related party Transactions which are not in the ordinary course of business and not on an arm's length basis in accordance with the provisions of the LODR Regulations and the Act. Where any director of the Company is interested in any contract or arrangement 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 and shall not vote on the approval of such a transaction. The agenda of the Board meeting shall include disclosures / information as required under Section 188 of the Act read with Rule 15 of the Companies (Meeting of Board and its Powers) Rules 2014.

However, transactions which have been entered into by the Company in its "ordinary course of business" and which are on "arm's length" basis are exempted.

SHAREHOLDERS:-

- a) Such Related Party Transactions (other than Material related party transactions), that is not in the ordinary course of business or not on arm's length basis shall be placed before the shareholders for their prior approval if it exceeds the threshold limits prescribed under the Act as under:
 - i. Sale, purchase or supply of any goods or material, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company;
 - ii. Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to ten percent or more of net worth of the company;
 - iii. Leasing of property any kind amounting to ten percent or more of turnover of the company;
 - iv. Availing or rendering of any services, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company;

Explanation - It is hereby clarified that the limits specified in sub-clause (i) to (iv) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

- v. 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 lakhs rupees.
- vi. Remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding one percent of the net worth.
- b) Prior approval of the shareholders of the Company, through an ordinary resolution (where no Related Party shall vote to approve such a resolution), shall be required to be taken before entering into all Material Related Party Transactions, and subsequent Material Modifications, irrespective of the fact as to whether the Company is a Related Party to a particular transaction or not.
- c) However, prior approval of the shareholders of the Company shall not be required for a Related Party Transaction to which a listed subsidiary of the Company is a party, but the Company is not a party, if Regulation 23 and sub-regulation (2) of Regulation 15 of the LODR Regulations are applicable to such a listed subsidiary. Furthermore, for Related party Transactions of unlisted subsidiaries of a listed subsidiary as referred to above, prior approval of the shareholders of the listed subsidiary in question shall be sufficient.

INFORMATION TO BE PROVIDED TO SHAREHOLDERS OF THE COMPANY FOR CONSIDERATION OR APPROVAL OF RELATED PARTY TRANSACTIONS

The notice being sent to the shareholders seeking approval for any proposed Related Party Transaction shall, in addition to the requirements set out under the Act, include the following information as a part of the explanatory statement:

- i. A summary of the information provided by the management of the Company to the Audit Committee;
- ii. Justification for why the proposed transaction is in the interest of the Company;
- iii. Where the transaction relates to any loans, inter-corporate deposits, advances, or investments made or given by the Company or its subsidiary, the following details shall be specified:
 - 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, inter-corporate 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;
 - d) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the Related Party Transaction;
- iv. A statement that the valuation report or other external report, if any, relied upon by the Company in relation to the proposed Related Party Transaction will be made available through the registered email address of the shareholders;
- v. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed Related Party Transaction, on a voluntary basis; and
- vi. Any other information that may be relevant.

5. RELATED PARTY TRANSACTIONS NOT REQUIRING APPROVAL

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee or Shareholders:

- i. Any transaction that involves the providing of compensation to a Director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- ii. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.
- iii. Any transaction entered into with its wholly owned subsidiary or transactions entered between two wholly owned subsidiaries, whose accounts are consolidated with such holding Company and placed before the shareholders at the general meeting for approval.
- iv. Payment of dividend
- v. Issue of specified securities on a preferential basis, subject to compliance with the requirements under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- vi. Subdivision or consolidation of securities;
- vii. Issuance of securities by way of a rights issue or a bonus issue;
- viii. Investment in units issued by mutual funds which are listed on a recognized stock exchange(s);
- ix. Any other as may be specified under LODR Regulations the Act or any other applicable laws from time to time.

6. DECISION REGARDING TRANSACTION IN ORDINARY COURSE OF BUSINESS AND ON ARM'S LENGTH BASIS

The Audit Committee shall, in respect of the related party transactions referred to them for approval, shall after considering the materials placed before them, shall judge if the transaction is the ordinary course of business or at arm's length basis. In case the Audit Committee is not able to arrive at such a decision, the same shall be referred to the Board, which shall decide if the transaction is the ordinary course of business or at arm's length basis. In case the Board is not able to arrive at such a decision, the same shall be decided by the Independent Directors, whose decision shall be final.

7. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a transaction with a Related Party (other than material related party transaction) 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 such Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of such 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 Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or rescission 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 Committee has authority to modify or waive any procedural requirements of this Policy.

8. AMENDMENTS/REVIEW TO THE POLICY

The Board of Directors on its own and / or as per the recommendations of Audit Committee & Risk Management Committee can amend as and when required and may review this Policy least once in every three years and shall be updated accordingly. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

9. DISCLOSURE(S)

Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance submitted to the stock exchanges on which the Company is listed.. The Company shall disclose the policy on dealing with Related Party Transactions and material subsidiary on its website and a web link thereto shall be provided in the Annual Report. Furthermore, all the related party transactions shall be disclosed in the Annual Report of the Company.



Additionally, the Company shall make disclosures of Related Party Transactions to the stock exchanges on which it is listed, every 6 months, in the format prescribed by SEBI from time to time, within the following timelines stipulated by SEBI:

- (i) Within 15 days from the date of publication of its standalone and consolidated financial results; and
- (ii) With effect from April 1, 2023, on the date of publication of its standalone and consolidated financial results. and the same shall be published on the website of company at www.pncinftratech.com .

This Policy will be communicated to all operational employees and other concerned persons of the Company and shall be placed on the website of the Company at www.pncinftratech.com .

This Policy on Materiality and Dealing with Related party Transactions has been approved by the Board of Directors on 20.08.2014 which became effective from the same day. This Policy has been last modified on 28.05.2022. This Policy shall be displayed on the website of the Company.

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