

P H CAPITAL LIMITED

POLICY ON MATERIALITY FOR DEALING WITH RELATED PARTY TRANSACTIONS

Version approved by: The Board of Directors of P H Capital Limited

First version approved on: 09th August, 2022

Second version approved on: 04th August, 2025

TITLE

This Policy shall be called ‘Policy on materiality of Related Party Transactions and dealing with Related Party Transactions’.

OBJECTIVE

Related Party Transactions have been one of the major areas of focus for the corporate governance reforms being initiated by Indian legislature.

Pursuant to the requirements of the SEBI (Listing Obligations and disclosure Requirements) Regulations, 2015 (hereinafter referred to as “**SEBI Listing Regulations**”), a policy needs to be formulated to deal with Related Party Transactions including formulating a policy on materiality of Related Party Transactions. This policy therefore lays down the mechanism to deal with Related Party Transactions.

DEFINITION

1. “**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.
2. “**Audit Committee**” means the Committee of the Board constituted from time to time under the provisions of SEBI Listing Regulations as amended from time to time and Section 177 of the Companies Act, 2013.
3. “**Board**” or “**Board of Directors**” means the Board of Directors of P H Capital Limited.
4. **Company** means P H Capital Limited.
5. “**Industry Standards**” means the industry standards on “Minimum information to be provided for Review of the Audit Committee and Shareholders for Approval of Related Party Transaction (RPT)” as notified by SEBI vide its circular dated June 26, 2025, effective from September 01, 2025 or such other date as may be notified by SEBI) read with the SEBI Master Circular dated November 11, 2024 as amended from time to time.
6. “**Material Modifications**” means and include any modification to an existing Related Party Transaction, in aggregate with a related party, having variance of 20% in value of the transaction already approved by the Audit Committee or Board or Shareholders, as the case may be, or such modification as may be decided by the Audit Committee.
7. “**Material Related Party Transaction**” are transactions that exceed the threshold as defined under Regulation 23(1) of the SEBI Listing Regulations and Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 for the contracts or arrangements given under Section 188 of the Companies Act, 2013

Provided that in case of any amendment to the Companies Act, 2013 (“Act”) or SEBI Listing Regulations, definition of Material Related Party Transactions will be deemed to be changed without any further approval of Audit Committee or Board.

Note: Transaction with a related party shall be construed to include a single transaction or a group of transactions.

8. **“Ordinary Course of Business”** with reference to a transaction with a related party means a transaction which is:
 - carried out in the normal course of business envisaged in accordance with the Memorandum of Association of the Company as amended from time to time;
 - historical practice with a pattern of frequency; or
 - common commercial practice; or
 - incidental to the normal business carried on by the Company
 - meets any other parameters/criteria as decided by the Board/Audit Committee, from time to time.
9. **“Policy”** means this policy, as amended from time to time.
10. **“Related Party”** as defined in clause (1)(zb) of Regulation 2 of the SEBI Listing Regulations, as amended from time to time.
11. **“Related party transaction”** or **“RPT”** means transactions as given under clause (a) to (g) of subsection (1) of Section 188 of the Act and the corresponding Rules thereto and as defined in clause (1) (zc) of Regulation 2 of the SEBI Listing Regulations, as amended from time to time.
12. **“Relatives”** as defined in clause (1) (zd) of Regulation 2 of the SEBI Listing Regulations.

IDENTIFICATION OF RELATED PARTY

Every director and key managerial personnel will be responsible for providing a declaration in the format as per ‘Annexure 1’ containing the following information to the company secretary on an annual basis which will be placed before Board of Directors at their first meeting held at the succeeding financial year:

1. Names of his / her Relatives;
2. Sole proprietorship and Partnership firms in which he / she or his / her Relative is a partner;
3. Private Companies in which he / she is a member or Director;
4. Public Companies in which he / she is a Director and holds along with his/her Relatives more than 2% of paid up share capital;
5. Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his / her advice, directions or instructions; and
6. Persons on whose advice, directions or instructions, he / she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity).

Every director and key managerial personnel will also be responsible to update the Company Secretary of any changes in the above relationships, directorships, holdings, interests and / or controls immediately on him / her becoming aware of such changes.

APPROVAL OF RELATED PARTY TRANSACTIONS (RPTs)

I. Audit Committee

Every Related Party Transaction shall be subject to approval of the Audit Committee as required under Companies Act, 2013/ SEBI Listing Regulations as amended from time to time. The approval of the Audit Committee can be granted by way of a circular resolution. The Audit Committee shall also approve any subsequent Material Modification of RPTs.

Any member of the Committee or the Directors of the Board who has potential interest in any Related Party Transaction will in terms of Rule 15(2) of Companies (Management and Administration) Rules, 2014 shall not be present at the meeting during the discussions on the subject matter and shall recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction. Only those members of Audit Committee who are independent directors shall approve Related Party Transaction. In case such independent director is interested in any potential RPT, then he/she shall abstain from discussion and voting when such RPT is being considered.

A. In summary, prior approval of Audit Committee is required for the following Related Party Transactions:

- i) Where Company is a party
- ii) Where subsidiary of the Company is a party but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;
- iii) Transaction of the Company and/or its subsidiaries with unrelated parties, the purpose and effect of which is to benefit the Related Party of the Company or any of its subsidiaries.

Except for Director, Key managerial personnel or senior management who is part of promoter or promoter group, remuneration and sitting fees paid by the Company or its subsidiary to its shall not require approval of the Audit Committee provided that the same is not material in terms of the provisions of Material Related Party Transactions.

B. The Audit Committee will take into account following considerations while dealing with the RPTs including to not limited to:-

- ❖ Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);
- ❖ Tenure of the proposed transaction (particular tenure shall be specified);
- ❖ Nature of relationship with the related party;
- ❖ Nature, material terms and conditions, monetary values and particulars of the contract or arrangement;
- ❖ Business rationale for entering into such transaction

- ❖ Method and manner of determining the pricing and other commercial terms;
- ❖ Whether the transaction is at arm's length; and
- ❖ Any other information relevant or important for the Audit Committee/ Board to take a decision on the proposed transaction.
- ❖ Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- ❖ Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
- ❖ Whether the Related Party Transaction would present an improper conflict of interest for any director including independent director or key managerial personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, executive officer or other Related Party, the direct or indirect nature of the director's, key managerial personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.

C. Any member of the Audit Committee who has a potential interest in any related party transaction will abstain from discussion and voting on the approval of the related party transaction. Only members of the Audit Committee who are independent members shall approve all Related Party Transactions.

However, the Audit Committee may grant omnibus approval for Related Party Transactions of the Company in respect of transactions which are repetitive in nature.

i. The Audit Committee shall take into account following considerations while granting omnibus approval for RPTs, of repetitive nature:

- ❖ Criteria specified by the Audit Committee under Rule 6A of the Companies (Meetings of Board & Its Powers) Rules, 2014 after approval of the Board;
- ❖ Nature of relationship with the related party;
- ❖ Nature, material terms and conditions, monetary values and particulars of the contract or arrangement;
- ❖ Method and manner of determining the pricing and other commercial terms;
- ❖ Justification for need of omnibus approval;
- ❖ Whether the transaction is at arm's length and in Ordinary Course Of Business; and
- ❖ Any other information relevant or important to take a decision on the proposed transaction.

ii. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year. Additionally, the Committee may also grant omnibus approval for RPTs of unforeseen nature not exceeding Rupees One Crore.

iii. The Audit Committee shall review on a quarterly basis the details of RPTs entered into by the Company pursuant to omnibus approval.

iv. The minimum information specified in the Industry Standards as defined above, be provided to the Audit Committee for review and approval of Related Party Transactions including Related Party Transactions for which omnibus approval is granted.

v. Ratification of Related Party Transactions

- (i) 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: 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 Material Related Party Transactions;
- (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 sub-regulation (9) of regulation 23 of SEBI Listing Regulations;
- (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 Company against any loss incurred by it.

II. Board Approval

In case of Related Party Transaction which is not in the ordinary course of business or not at arm's length transaction, whether or not it is a Material Related Party Transaction, prior approval of the Board through a resolution passed at the meeting of the Board shall be necessary. If a Related Party Transaction is not in the ordinary course of business, or not at arm's length price as per Section 188 of the Companies Act, it shall require prior approval of the Board.

All the Material Related Party Transactions shall also be approved by the Board of Directors.

Where any director 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. Where the Audit Committee does not approve the RPTs, it shall make its recommendations to the Board for approval.

If prior approval of Board or shareholders has not been taken, then such transaction needs to be ratified within 3 months of the date of entering into contract/ arrangement.

III. Shareholders' Approval

All Material Related Party Transactions and subsequent Material Modifications of Material Related Party Transactions shall require approval of shareholders of the Company through resolution (unless it is exempted pursuant to the provisions of SEBI Listing Regulations as amended from time to time) and the Related Parties shall abstain from voting on such resolution(s) irrespective of whether the entity is a party to the particular transaction or not.

If a Related Party Transaction is not in the Ordinary Course of Business, or not at arm's length price and exceeds thresholds as prescribed under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 read with Section 188 of the Companies Act, it shall require shareholders' approval by a resolution. The relevant Related Party shall not vote to approve as shareholders in case of Related Party Transactions which require the approval of shareholders.

The shareholders' approval of omnibus Related Party Transactions approved in an Annual General Meeting ("AGM") shall be valid up to the date of the next AGM for a period not exceeding fifteen months. In case of omnibus approvals for material Related Party Transactions, obtained from shareholders in general meetings other than AGMs, the validity of such omnibus approvals shall not exceed one year.

All the information specified in the Act, SEBI Listing Regulations and Industry Standards as defined above, shall be provided to the shareholders for approving the Related Party Transactions.

PROCESS FOR DEALING WITH RELATED PARTY TRANSACTIONS

A list of all the related parties in relation to the Company received from the directors/ KMP/ promoters/ promoter group shall be updated from time to time.

Basis the abovementioned list of Related Party, every department shall, prior to entering into any transaction, contract or arrangement with a Related Party, ascertain whether the proposed transaction or contract or arrangement satisfies the approval mechanism prescribed under this Policy.

The transaction / contract/ arrangement shall not be entered into without the necessary approval from the Audit Committee/Board/shareholders, as the case may be. Compliance to this condition will strictly be adhered to by the concerned department proposing the underlying contract or arrangement.

REPORTING OF RELATED PARTY TRANSACTIONS

As per Section 188 of the Companies Act, 2013, every contract or arrangement, which is required to be approved by the Board and 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.

Pursuant to Regulation 23(9) of the SEBI Listing Regulations, the details of Related Party Transactions will be submitted to the stock exchange on a half-yearly basis.

The Company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report of the Company.

DISCLOSURE

Appropriate disclosures as required under the Act and the SEBI Listing Regulations shall be made in the annual return, directors report and to the stock exchange.

This Policy shall be posted on the website of the Company at <http://www.phcapital.in/>

AMENDMENTS

Any change in the Policy shall be approved by the Board of Directors of the Company. The Board of Directors shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding. Any subsequent amendment/modification in the Act or the SEBI Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy from their effective date.

The Policy shall be reviewed by the Audit Committee and the Board once in every three years.

INTERPRETATION

Any words used in this Policy but not defined herein shall have the same meaning prescribed to it in the Companies Act, the Securities and Exchange Board of India Act, 1992, as amended, or rules and regulations made thereunder including the SEBI Listing Regulations, the applicable accounting standards or any other relevant legislation/law applicable to the Company.

The reference to the masculine gender in the Policy shall be deemed to include a reference to feminine gender.

In case of any dispute or difference upon the meaning/interpretation of any word or provision in this policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee shall be final. In interpreting such term/provision, the Audit Committee may seek the help of any of the officers of the Company or an external expert as it deems fit.

ANNEXURE 1
NOTICE OF INTEREST BY DIRECTOR / KEY MANAGERIAL PERSONNEL

To,
The Company Secretary/Compliance Officer
_____ Limited
<Address>.

Dear Sir,

I, _____, son/daughter/spouse of _____, resident of _____, holding _____ Equity Shares of Rs. 10/- each (_____ percent of the paid-up Capital) in the Company in my name, being a _____ in the Company, hereby give notice that I am interested directly/through my Relatives (Schedule) in the following company or companies, body corporate, firms or other association of individuals:

Sr. No.	Name of the Companies/Bodies Corporate/Firms/ Association of Individuals	Nature of Interest or concern / Change in Interest or Concern	Shareholding	Date on which Interest or Concern arose/changed

The Following are the Bodies Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with any advice, directions or instructions;

Sr. No.	Name of the Body Corporate

I am accustomed to act on the advice, directions or instructions of the following persons (other than advice, directions or instructions obtained in professional capacity).

Sr. No.	Name of the person	Relation

Place:
Date:

Signature: _____
Name: _____
Designation: _____

**SCHEDULE
LIST OF RELATIVES**

No.	Relationship	Full Name		Address	Shareholding in Limited
1	Spouse				
2	Father (including Step-Father)				
3	Mother (including Step- Mother)				
4	Son (including Step-son)				
5	Son's Wife				
6	Daughter				
7	Daughter's Husband				
8	Brother (Including Step- Brother)				
9	Sister (Including Step-Sister)				
10	Members of HUF				