

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS

1. Background

Regulation 23(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") requires the Company to formulate a policy on materiality of Related Party Transactions ("RPT") and on dealing with related party transactions including clear threshold limits duly approved by the board of directors.

The provisions of the Companies Act, 2013 ("the Act") read with Rules made thereunder and the Listing Regulations have laid down comprehensive provisions for identification, approval and disclosure of Related Party Transactions.

In view of the aforesaid statutory provisions the Company has formed this policy for dealing with related party transactions.

This Policy deals with and lays down materiality of Related Party Transactions ("RPT").

2. Preamble

The Board of Directors of the Performance Chemiserve Limited ("PCL/ Company"), on the recommendation of Audit Committee, has adopted this Policy and procedure with regard to RPT.

The Policy envisages the procedure governing RPTs required to be followed by the Company to ensure compliance with the applicable Law and Listing Regulations.

The Audit committee will review the same from time to time and propose the amendment required in the policy to the Board of Directors.

Audit Committee means the Audit Committee of the Board as constituted by the Board of Directors the Company.

3. Purpose

This Policy aims to ensure compliance with the applicable provisions of the Companies Act, 2013 and Rules made there under, Indian Accounting Standard (IND AS) 24 and the Listing Regulations, as amended or re-enacted from time to time, and which relate to the identification of the Related Parties and governance and approval of the RPTs, wherever required.

4. Definitions

All terms used in this Policy will have the meanings as assigned to them under the Act and the Rules made thereunder, Listing Regulations, applicable Accounting Standards, as amended from time to time.

5. Material Related Party Transactions and Threshold Limits

A transaction with a Related Party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds the limits as stated in the proviso to Regulation 23(1) and Regulation 23(1A) of the Listing Regulations, respectively, or such other limits as may be prescribed by SEBI from time to time.

The abovementioned limits shall be the threshold as required in terms of Regulation 23(1) of the Listing Regulations.

6. Material modifications

For the purpose of this Policy, material modifications shall mean any modification or amendment to the related party agreement / transaction which is likely to result in upward revision in the original contractual value by 20% or more or change in period of the original period by 20% or more of the related party agreement / transaction approved by the Audit Committee or shareholders of the Company, as the case may be.

7. Approval of RPTs

(i) Audit Committee:

RPT to which Company is a party	RPTs to which Company is not a party
All RPTs to which the Company is a party and subsequent material modifications thereof shall require prior approval of the Audit Committee.	<p>The prior approval of the Audit Committee shall be obtained for all RPTs to which subsidiary of Company, if any, is a party to but 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 10% (ten per cent) of the annual standalone turnover, as per the last audited financial statements of the subsidiary; and</p> <p>Prior approval of the Audit Committee shall not be required for any RPT to which the listed subsidiary, if any, is a party but the Company is not a party to, if the provisions of Regulation 23 and sub-regulation (2) of Regulation 15 of the Listing Regulations are applicable to such listed subsidiary.</p>

However, the Audit Committee may grant omnibus approval for transactions with related parties, in compliance with requirements of the Act and the Listing Regulations.

(ii) Board approval:

All RPTs specified under Section 188 of the Act, and which are not in the ordinary course of business or not on an arm's length basis, shall be placed before the Board for its approval.

(iii) Approval of Shareholders of the Company:

Approval of shareholders shall be obtained by resolution for:

- Material RPTs and subsequent material modifications; and
- RPTs not in Ordinary Course of Business or not on Arm's length basis and crosses threshold limit as prescribed under Section 188 of the Act and Rules made thereunder.

The details to be placed before the Audit Committee, Board of the Company, Shareholders of the Company, as the case may be, shall be as per the applicable provisions of the Act and Rules made thereunder and/ or as prescribed by SEBI from time to time.

8. Amendment

Any subsequent amendment / modification in the Listing Regulations or the Act or any other governing Act/Rules/Regulations or re-enactment, impacting the provisions of this Policy, shall automatically apply to this Policy and the relevant provision(s) of this Policy shall be deemed to be modified and/or amended to that extent, even if not incorporated in this Policy.

9. Review of the Policy

This Policy shall be reviewed by the Board of Directors at least once every three years and updated accordingly.

For Performance Chemiserve Limited



Sailesh C Mehta

Chairman

26th July 2023
