



**POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH
RELATED PARTY TRANSACTIONS**

Regulatory Reference	Section 188 Companies Act 2013 Regulation 23 SEBI (LODR) 2015
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1. Preamble

This Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions ('Policy') has been formulated by PCSL in compliance with Section 188 of the Companies Act, 2013, the Rules framed thereunder, and Regulation 23 of SEBI LODR Regulations. The Policy aims to ensure that Related Party Transactions are carried out at arm's length and are in the best interest of the Company and its shareholders.

2. Definitions

- 'Related Party' shall have the meaning assigned to it under Section 2(76) of the Companies Act, 2013 and Regulation 2(1)(zb) of SEBI LODR Regulations.
- 'Related Party Transaction' or 'RPT' means a transfer of resources, services or obligations between the Company and a Related Party, regardless of whether a price is charged.
- '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 Rs. 1,000 crores or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.
- '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.

3. Criteria for Determining Materiality

A Related Party Transaction shall be deemed material if the transaction to be entered into, individually or taken together with previous transactions during a financial year with a related party:

- Exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements, or Rs. 1,000 crores, whichever is lower.
- Results in a payment to a related party which exceeds 5% of the total cash flows from operating activities of the Company.
- Has the potential to affect the integrity of the financial statements or to result in a conflict of interest.

PROMPT CORPORATE SERVICES LTD.
Shalini Singha
Director



4. Approval Process

4.1 Audit Committee Approval

All Related Party Transactions and any subsequent modifications thereto shall require prior approval of the Audit Committee. The Audit Committee may grant omnibus approval for transactions that are repetitive in nature, subject to the conditions specified under the Act and SEBI LODR Regulations.

4.2 Board Approval

All Material Related Party Transactions shall require approval of the Board of Directors.

4.3 Shareholder Approval

All Material Related Party Transactions shall require approval of shareholders through an ordinary resolution. Related parties shall abstain from voting on such resolution whether as a shareholder or as a proxy. This is required where the transaction exceeds the materiality threshold defined above.

5. Arm's Length Determination

In order to ensure that Related Party Transactions are on arm's length basis, the following principles shall be applied:

- Market comparison method: The price paid is compared with the price paid in comparable uncontrolled transactions.
- Cost plus method: An appropriate mark-up is added to the costs of the supplier in the controlled transaction.
- Independent valuation by qualified valuers for significant transactions.
- For NBFC lending transactions, interest rates shall be benchmarked to market rates and RBI guidelines.

6. Disclosure

The Company shall disclose all Related Party Transactions, including the name of the related party and the nature, duration of the contract, salient terms including the value in its Annual Report. Material modifications shall be disclosed to the stock exchanges. This Policy shall be disclosed on the Company's website.

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Shalini Singhania
Director