



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

OBJECTIVES

The Board of Directors, hereinafter referred to as “the Board” of Precision Camshafts Limited has adopted Related Party Transactions Policy, hereinafter referred to as “this Policy” to set forth the procedures under which transactions with Related Parties and materiality thereof shall be ascertained and considered subsequently for approval.

This Policy also aims to comply with the provisions of Section 188 of the Companies Act 2013, Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time. This Policy applies to transactions between the Company and one or more of its Related Party (ies) as defined herein below. It provides a framework for governance and reporting of Related Party Transactions including Material Related Party Transactions.

DEFINITIONS

- 1.1. “**Related Party**” means a related party as defined under sub-section (76) of Section 2 of the Companies Act 2013 or under applicable accounting standards.
- 1.2. “**Relative**” means a relative as defined under sub-section (77) of Section 2 of the Companies Act 2013
- 1.3. “**Related party transaction**” shall the meaning as defined under Regulation 2 (1) (zc) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 or as envisaged under Section 188 (1) of the Companies Act 2013.
- 1.4. “**Arm’s length transaction**” means a transaction between two related that is conducted as if they are unrelated, so that there is no conflict of interest.
- 1.5. “**Transactions in ordinary course of business**” shall mean transaction which /wherein:
 - a. is carried out in the normal course of business envisaged in accordance with the objects mentioned in the Memorandum of Association (MOA) of the Company
 - b. is a common commercial practice in business/market/industry
 - c. income, if any, earned from such transaction is assessed as business income.
- 1.6. “**Material related party transaction**” means a related party transaction to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent (10%) of the annual consolidated turnover as per the last audited financial statements of the Company. In respect of payments to related party for brand usage or royalty, transactions shall be construed as material if the transaction to be entered into individually or taken together with previous transactions during a financial year, exceeds five percent (5%) of the annual consolidated turnover as per the last audited financial statements of the Company.

POLICY ON RELATED PARTY TRANSACTION

1. The Company shall not enter into any transaction/contract/ arrangement with a Related Party without the prior approval of the Audit Committee unless the transaction /contract/ arrangement enjoys any exemption as provided under the Companies Act, 2013 or Rules made there under or under the provisions of the SEBI (Listing Obligations and Disclosure Requirements) 2015.
2. The Audit Committee may grant omnibus approval for Related Party Transaction proposed to be entered into by the company, subject to the conditions as stated under Regulation 23 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. Such approvals shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.
3. 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 approval given.
4. The related party transactions/ material related party transactions between the Company and its Wholly Owned Subsidiaries do not require prior approval of audit committee, omnibus approval and approval of shareholders.
5. If any contract or arrangement with a related party is not in the ordinary course of business or at arm's length, the Company shall comply with the provisions of the Companies Act 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015, as applicable, for such transaction/contract/arrangement.

RELATED PARTY TRANSACTION AND ITS THRESHOLD LIMITS

All related party transactions beyond the threshold limits as mentioned below shall be considered as material transactions and require prior approval of the shareholders and entities falling under the definition of related parties shall not vote to approve the relevant transaction irrespective of whether the entity is a party to particular transaction or not.

Sr. No.	Nature of Related Party Transaction	Threshold Limit (% of annual consolidated turnover of the Company as per last audited financial statements)
1.	Payment for use of brand or royalty	>5%
2.	Any other	>10%



DISCLOSURE

1. This policy shall be disclosed on the website of the Company.
2. The Company shall disclose, in the Board Report, transactions prescribed in Section 188 of the Companies Act with related parties, which are not in ordinary course in business or arm/s length basis along with the justification for entering into such transaction.
3. The Company shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on the Company's website.
4. The Annual Report of the Company shall contain Related Party Disclosures as stated in Schedule V of SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015.

POLICY INTERPRETATION AND REVIEW

In case of any subsequent changes in the provisions of the Companies Act 2013, or any other regulations which makes any of the provisions in the Policy inconsistent with the Act or Regulations, the provisions of the Act or Regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with the law.

This Policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the Policy due to change in Act or Regulations or as may be felt appropriate by the Committee. Any changes or modification on the Policy as recommended by the Committee would be presented for approval of the Board of Directors.

Irrespective of above, the policy shall be reviewed by the Board of Directors at least once every three years and updated accordingly with recommendations from Audit Committee.