

PANKAJ PIYUSH TRADE AND INVESTMENT LTD.

Regd. Office : 304, Building No. 61, VijaY Block,
Laxmi Nagar, East Delhi-110092 INDIA
(CIN : L65990DL1982PLC256291)

Website : www.pptinvestment.in
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Ph. : 011-44781747, +91 9818502247

Policy on Related Party Transactions

1. Introduction

Pankaj Piyush Trade And Investment Limited (“the Company”) may engage with related parties in the ordinary course of business and on an arm’s length basis if the transactions with related parties are in the interests of the Company and its stakeholders. While entering into such related party transactions, it should be ensured that such transactions are in compliance with the applicable laws.

The Board of Directors of the Company has adopted this Policy on Related Party Transactions (“Policy”) for the Related Party Transactions (“RPTs”) based on the recommendation of the Audit Committee pursuant to provisions of the Memorandum of Association (“MOA”) and Articles of Association (“AOA”) of the Company, Sections 177, 188 and other applicable provisions of the Companies Act, 2013 (“2013 Act”) and the Rules framed there under and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

2. Objective of the Policy

This Policy is intended to ensure that appropriate reporting, approval and disclosure processes are in place for all transactions between the Company and related parties.

This Policy also lays down the reporting requirements of RPTs.

This Policy is prepared to comply with 2013 Act and Listing Regulations. In the event of any inconsistency between this Policy and the provisions of 2013 Act and Listing Regulations, provisions of 2013 Act and Listing Regulations, as amended from time to time, will prevail over this Policy.

3. About the Company

The Company was incorporated on 29th May 1982. The Company’s main business is to carry on the activity of an investment, invest the capital and other moneys of the

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Company in the purchase or upon the security of shares, stocks, units, debentures, debenture-stock, bonds, mortgages, obligation and securities issued or guaranteed by any company.

4. Definitions and Applicability

For the purpose of this Policy: -

“Arm’s Length Transaction” means a transaction between two related parties that is conducted as if they are unrelated, such that there is no conflict of interest.

“Ordinary Course of Business” means a transaction which is carried out in the normal course of business envisaged in accordance with the Company’s MOA and AOA of the Company as amended from time to time.

“Material Related Party Transactions” will have the meaning ascribed to it in the Explanation to Regulation 23(1) of the Listing Regulations i.e. if the RPT to be entered into individually or taken together with previous transactions during a financial year with such related party, exceeds 10% of the annual consolidated turnover of the Company as per its last audited financial statement. However, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 2% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

“Relative” shall have the meaning ascribed to it in Section 2(77) of 2013 Act.

“Related Party” will have the meaning ascribed to it under Section 2(76) of 2013 Act or under the applicable accounting standards: Provided that any person or entity belonging to the promoter or promoter group of the Company and holding 20% or more shareholding in the Company shall be deemed to be a related party. Reference and reliance may be placed on the rules/clarification/regulations issued by the Ministry of the Corporate Affairs, Government of India and Securities and Exchange Board of

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India and other Authorities from time to time for interpretation of the term “Related Party”.

“Related Party Transactions” means all transactions between the Company on one hand and one or more related party(ies) on the other hand including contracts, arrangements and transactions as envisaged in Section 188(1) of 2013 Act and/or as defined under Regulation 2(1)(zc) of the Listing Regulations.

“Key Managerial Personnel” means Key Managerial Personnel as defined under Section 2(51) of 2013 Act. “Board of Directors” or “Board” means the collective body of the Directors of the Company.

“Audit Committee” means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of 2013 Act and Regulation 18 of the Listing Regulations.

“Chief Executive Officer” (CEO) means Chief Executive Officer as defined under Section 2(18) of 2013 Act.

“Chief Financial Officer” (CFO) means Chief Financial Officer as defined under Section 2(19) of 2013 Act.

“Company Secretary” (CS) means a Company Secretary as defined in Section 2(24) of 2013 Act.

“Managing Director” means a Managing Director as defined in Section 2(54) of 2013 Act.

“Manager” means a Manager as defined in Section 2(53) of 2013 Act.

“Net worth” means net worth as defined in section 2(57) of the 2013 Act.

“Senior Management” will have the meaning ascribed to it in the explanation to section 178 of 2013 Act and the Listing Regulations.

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“Whole-time Director” means Whole-time Director as defined in Section 2(94) of 2013 Act.

“**Turnover**” means turnover as defined in Section 2(91) of 2013 Act.

“**Transaction**” shall be construed to include single transaction or a group of transactions in a contract or arrangement.

All capitalized terms used in this Policy but not defined herein shall have the meaning ascribed to such term in 2013 Act and the Rules framed there under or in the Listing Regulations, as amended from time to time.

This Policy applies to all the transactions of the Company with its related parties including changes, if any, in related parties from time to time.

4. Policy Approach

In dealing with RPTs, the Company will follow the following approach:

A. Identification of RPTs

- I. All RPTs must be brought to the notice of the Audit Committee of the Company.
- II. Any employee of the Company who is aware of any transaction that is or may be perceived to be a RPT is required to bring the same to the attention of the Audit Committee of the Company through Company Secretary.
- III. Directors and Key Managerial Personnel (KMPs) are responsible for informing the Company Secretary of their interest (including interest of their Relatives) in other companies, firms or concerns at the beginning of every financial year and any change in such interest during the year.
- IV. In addition, all Directors, and KMPs are responsible for providing notice to the Company Secretary of any potential RPT involving him/her or his or her relative, including any additional information about the transaction that the Audit Committee may request.

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The Company prefers to receive such notice of any potential RPTs in advance so that the Audit Committee/Board/Company Secretary has sufficient time to review information regarding the proposed transactions.

For the limited purpose of requirements of disclosure of any conflict of interest as specified by the 2013 Act and the Listing Regulations, this section shall also apply to the members of Senior Management.

B. Approval of RPTs

i. Approval of the Audit Committee

All RPTs require prior approval of the Audit Committee. However, the Company can obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:

→ The Audit Committee shall, subject to the approval of the Board of Directors, lay down the criteria for granting the omnibus approval in accordance with the provisions of 2013 Act and the Rules made there under. → The Audit Committee while granting omnibus approval shall consider the repetitiveness of the transactions (in past or in future) and justification for the need of such approval.

→ The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.

→ The omnibus approval shall provide details of (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price/current contracted price and the formula for variation in the price if any (for example: +/- 5%) and (iii) such other conditions as the Audit Committee may deem fit.

However, in case of RPTs which cannot be foreseen and where the above details are not available, the Audit Committee may grant omnibus approval provided the value of RPT does not exceed Rs. 1 Crore per transaction.

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- The Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given.
- Such omnibus approval shall be valid for a period of 1 financial year and shall require fresh approvals after the expiry of 1 financial year.
- Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company. While assessing a proposal put up before the Audit Committee/Board for approval, the Audit Committee/Board may review the following documents/seek the following information from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not:
 - Nature of the transaction i.e., details of goods or property to be acquired/transferred or services to be rendered/availed – including description of functions to be performed, risks to be assumed and assets to be employed under the proposed transaction;
 - Key terms (such as price and other commercial compensation contemplated under the arrangement) of the proposed transaction, including value and quantum;
 - Key covenants (non-commercial) as per the draft of the proposed agreement/contract to be entered into for such transaction; → Special terms covered/to be covered in separate letters or undertakings or any other special or sub arrangement forming part of a composite transaction;
 - Benchmarking information that may have a bearing on the arm's length basis analysis, such as:
 - market analysis, research report, industry trends, business strategies, financial forecasts, etc.;
 - third party comparable, valuation reports, price publications including stock exchange and commodity market quotations;

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- management assessment of pricing terms and business justification for the proposed transaction;
- Comparative analysis, if any, of other such transaction entered into by the company.

ii. Approval of the Board of Directors of the Company

As per the provisions of Section 188 of 2013 Act, all kinds of transactions specified under the said section and which are not in the ordinary course of business or not at arm's length basis or both, are placed before the Board for its approval.

In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

- Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;
- Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval.
- Material RPTs which are intended to be placed before the shareholders for approval.

iii. Approval of the Shareholders of the Company

All Material RPTs shall be placed before the shareholders for approval and no related party shall vote to approve on such resolution whether the entity is related party to the particular transaction or not.

All RPTs pursuant to section 188 of 2013 Act which are not in the ordinary course of business and / or not an Arms' length basis and which crosses the threshold limits prescribed under 2013 Act, shall also require the approval of shareholders of the Company.

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For this purpose, all 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 the particular transaction or not.

Approval of the Shareholders of the Company would not be required for RPT entered by the Company with its Wholly Owned Subsidiaries, whose accounts are consolidated with the accounts of the company and placed before the shareholders of the company at the general meeting for approval.

iv. Ratification by Board and/or Shareholders of the Company

Where any contract or arrangement is entered into by a Director or any other employee, without obtaining the consent of the Board or Shareholders pursuant to Section 188(1) of 2013 Act and if is not ratified by the Board and/or Shareholders within 3 months from the date of contract or arrangement, such contract or arrangement shall be voidable at the option of the Board. If such contract or arrangement is with related party to a Director or is authorized by any Director, the Directors concerned shall indemnify against any loss incurred.

5. Reporting and Disclosure(s)

Disclosures with respect to RPT shall be made as per applicable provisions of 2013 Act and/or Listing Regulations. The Company shall disclose the RPT Policy on its website and a web-link thereto shall be provided in the Annual Report.

6. RPTs not approved under this Policy

In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding the RPT, and shall evaluate all options available to the Company, including ratification, revision or termination of the RPT. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such RPT to the Audit Committee under this Policy and failure of the

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internal control systems, and shall take any such action it deems appropriate. In any case, where the Audit Committee determines not to ratify a RPT that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation 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/approval of a RPT, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

7. Amendments to this Policy

The Board of Directors of the Company shall review and amend this policy including threshold limits for Material Related Party transactions, at least once every three years and updated accordingly.