



POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS

1. PREAMBLE:

The Board of Director (the “Board”) of Pratibha Industries Limited (the “Company”) has framed the Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions (the “Policy) in accordance with Regulation 23 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and in line with the requirements of Section 177 (iv) and 188 of Companies Act, 2013 read with Rules made thereunder (hereinafter referred to as “The Act”).

2. DEFINITIONS:

- A) Act** means the Companies Act, 2013, including any amendment or modification thereof.
- B) Regulations** mean SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time).
- C) Associate** means a company as defined under section 2(6) of the Companies Act, 2013, and as defined by Accounting Standard (AS) 23, “Accounting for Investments in Associates in Consolidated Financial Statements” issued by ICAI and by Central Government.
- D) Body Corporate** means an entity as defined in Section 2(11) of the Companies Act, 2013.
- E) Company** means Pratibha Industries Limited.
- F) Director** means a person as defined in Section 2(34) of the Companies Act, 2013.
- G) Employees** shall mean the employees and office-bearers of the Company, including but not limited to Whole Time Directors.
- H) Key Managerial Personnel** shall mean the officers of the Company as defined in Section 2(51) of the Companies Act, 2013 and rules prescribed there under. Key managerial personnel as defined under the Companies Act, 2013 and shall includes:
1. Managing Director, or Chief Executive Officer or Manager and in their absence a Whole Time Director;
 2. Company Secretary; and
 3. Chief Financial Officer.



I) Material Related Party Transaction:

A transactions with a related party shall be considered material if the transaction/transactions to be entered into or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the company as per the last audited financial statements of the Company.

J) Related Party with reference to a Company, means:

- i. a director or his relative;
- ii. a key managerial personnel or his relative;
- iii. a firm, in which a director, manager or his relative is a partner;
- iv. a private company in which a director or manager or his relative is a member or director:
- v. a public company in which a director or manager is a director and holds along with his relatives, more than 2% of its paid-up share capital;
- vi. Any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- vii. any person on whose advice, directions or instructions a director or manager is accustomed to act;
- viii. Provided that nothing in sub-clause (vi) and (viii) shall apply to the advice, directions or instructions given in a professional capacity;
- ix. any company which is-
 - a holding, subsidiary or an associate of such company; or
 - a subsidiary of a holding company to which it is also a subsidiary;
- x. Director, other than independent director, or key managerial personnel of the holding company or his relative with reference to a company;
- xi. An entity that is a related party under the applicable accounting standards.

K) Related Party Transaction means a transfer of resources, services or obligations between a listed entity and a related party, regardless of whether a price is charged and such transactions with related parties as specified under Section 188 of the Act or rules made there under.

L) Subsidiary means a company as defined in Section 2(87) of the Companies Act, 2013 as subsidiary.



Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Regulations, Securities Contract Regulation Act or any other applicable law or regulation.

3. APPROVAL OF RELATED PARTY TRANSACTIONS AND RESTRICTIONS THERETO:

Each Director and Key Managerial Personnel shall inform the Audit Committee/Board of any potential Related Party Transaction involving him/her or his/her relative or an entity in which he /she is interested as mentioned above.

The Company will enter into any Related Party Transactions only with the prior approval of the Audit Committee. The Audit Committee may grant omnibus approval for the proposed Related Party Transaction subject to the following conditions:

- a. The Audit Committee may lay down the criteria for granting omnibus approval in line with the policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature;
- b. The Audit Committee satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- c. Such omnibus approval shall specify the following:
 - Name(s) of the Related Party;
 - Nature of the transaction;
 - Period of transaction;
 - Maximum amount of transaction that can be entered into;
 - The indicative base price / current contracted price and the formula for variation in the price, if any, and;
 - Such other conditions as the Audit Committee may deem fit.
- d. In such cases where the need for Related Party Transaction cannot be foreseen and details as required above are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1.00 crore per transaction per annum;
- e. 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;
- f. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of each financial year.



The Audit Committee may consider the following factors, amongst others, to the extent relevant to the Related Party Transaction:

- I. Whether the terms of the Related Party Transaction are fair and on arm's length basis and do not conflict with the interests of the Company and whether they would apply on a similar basis if the transaction did not involve a Related Party;
- II. Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and nature of alternative transactions, if any;
- III. Whether the Related Party Transaction affects the independence of an independent director;
- IV. Whether the proposed transaction includes any potential risk issues to the reputation of Company and management as a result of or in connection with the proposed transaction;

In the Case of Material Related Party Transaction, approval of shareholders by way of ordinary resolution is also required and the related parties shall abstain from voting on such resolution whether the entity is a related party to the particular transaction or not.

In the event transaction, contract or arrangement with the Related Party is either not in the ordinary course of business or is not at arms' length or both, the Company shall comply with the provisions of the Companies Act, 2013 and the Rules framed thereunder and obtain approval of the Board and its shareholders, as applicable.

4. Related Party Transaction not approved under this policy:

In case the Board/ Audit Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Board/ Audit Committee, as the case may be, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction, or modification of the transaction to make it acceptable for ratification.

In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

5. Review of the Policy:

In case there are any regulatory changes requiring modifications to the Policy, the Policy shall be reviewed and amended at the next possible opportunity. However, the amended regularity requirements will supersede the Policy till the time policy is suitably amended.