

PILANI INVESTMENT AND INDUSTRIES CORPORATION LIMITED

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RELATED PARTY TRANSACTION POLICY

1. Preamble

The Board of Directors (the "Board") of Pilani Investment and Industries Corporation Limited (the "Company" or "Pilani"), has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Management will review and may amend this policy from time to time to bring the same in line with the amendments as may be applicable under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations") and/ or the relevant provisions of the Companies Act, 2013.

2. Objectives

This Policy shall regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company and also lay down mechanism for identification, approval, review and reporting of such transactions.

3. Definitions

"Act" means the Companies Act, 2013 including the rules, schedules, clarifications and guidelines issued by the Ministry of Corporate Affairs from time to time.

"Arms' 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.

"Audit Committee" shall mean the Audit Committee of the Board of Directors constituted in accordance with the provisions of the Act and Listing Regulations.

"Board" refers to Board of Directors of Pilani Investment and Industries Corporation Limited.

"Company" or "Pilani" refers to Pilani Investment and Industries Corporation Limited pursuant to this policy.

"Key Managerial Personnel" means a Key Managerial Personnel (hereinafter referred to as "KMP") as defined under the Companies Act, 2013.

"Material transaction" means a transaction with a related party where any transaction to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the Company.



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 two percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity

“Related Party” means a related party as defined under sub-section (76) of Section 2 of the Companies Act, 2013 or under the applicable Accounting Standards.

(Provided that any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity shall be deemed to be a related party.)

“Related Party Transaction” means transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

4. Policy

A) Identification of Potential Related Party Transactions

Every Director and the KMP is responsible for providing Notice of Disclosure of Interest under Section 184 of the Act along with List of Relatives to the Company.

Every Director and the KMP shall be responsible to update to the Company Secretary of any change(s) in the abovementioned Disclosure(s) immediately on becoming aware of such change(s).

The Company shall ensure that no transaction is entered into with any entity/individual disclosed by the Director/ KMP or any other related party without necessary approvals.

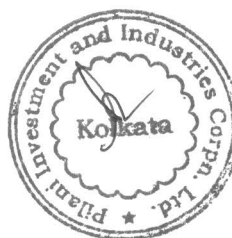
B) Process for Approval of Related Party Transactions

❖ Approval of Audit Committee

All Related Party Transactions shall require prior approval of the Audit Committee.

❖ Approval of Board Of Directors

- i. All the Related Party Transactions under Section 188 of the Act shall be approved by the Board of Directors of the Company, however this provision will not apply to the transactions entered into by the company in its ordinary course of business other than transactions which are not on an arm's length basis.
- ii. Transaction(s) 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 of Directors for approval.



- iii. Transaction(s) which are on arm's Length or not in the ordinary course of business to be entered individually 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.
- iv. Transaction(s) involving payments made with respect to brand usage or royalty, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 2% (two percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
- v. The Agenda of Board meeting at which the resolution is proposed to be moved shall disclose:
 - a) the name of the related party and nature of relationship;
 - b) the nature, duration of the contract and particulars of the contract or arrangement;
 - c) the material terms of the contract or arrangement including the value, if any;
 - d) any advance paid or received for the contract or arrangement, if any;
 - e) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
 - f) whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors;
 - g) any other information relevant or important for the Board to take decision on the proposed transaction.
- vi. Where any Director is interested in any contract or arrangement with a related party, such Director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

❖ **Approval of Shareholders**

- i. All the material related party transaction shall require approval of the Shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Provided that the requirements specified above shall not apply in respect of a resolution plan approved under Section 31 of the Insolvency Code, subject to the event being disclosed to the recognised Stock Exchange(s) within one day of the resolution plan being approved.

- ii. The requirement of Shareholders' approval shall not be applicable for transactions entered into between the Company and its Wholly-owned Subsidiary whose accounts are consolidated with the Company and placed before the Shareholders at the general meeting for approval.



C) General factors to be considered while granting approval to Related Party Transactions

The Audit Committee / Board will consider the following factors, among others, to the extent relevant to the Related Party Transactions while granting its approval:

- i. Whether the terms of the Related Party Transaction are fair and on arms length basis to the Company and would apply on the same 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 the nature of alternative transactions, if any;
- iii. Whether the Related Party Transaction would affect the independence of an Independent Director;
- iv. Whether the transaction qualifies to be a transaction in ordinary course of business and at arms length.
- v. Whether the Related Party Transaction would present an improper conflict of interest for any Director or KMP of the Company, taking into account the terms and size of the transaction, the purpose and timing of the transaction, the overall financial position of the Director or other Related Party, the direct or indirect nature of the Director's, KMP's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.

5. Related Party Transactions which are not in the purview of this policy

Whereby any amendment in the Listing Regulations, Act, other applicable provisions of any other relevant law, rules and regulations, specifically exempts certain categories of Related Party Transactions from:

- ❖ Complying with this Policy; or
- ❖ Seeking Audit Committee's prior approval/ Board's approval/ Shareholders approval,

such transactions shall be automatically exempted from the purview of this policy.

6. Following transactions not to be considered as Related Party Transactions:

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee or Shareholders:

- i. Any transaction that involves the providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.



- ii. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.

7. Related Party Transaction not approved under this Policy

In the event any Transaction has been undertaken/ is being undertaken with a Related Party without obtaining requisite approval under this policy, such transactions should be immediately reported to the Managing Director/Whole-Time Director/Chief Executive Officer. Such Transactions shall be reviewed by the Audit Committee in the next meeting. The Audit Committee shall be provided with all the relevant facts and circumstances for entering into such transaction with a related party. Based on the information provided, the Audit Committee shall evaluate and take such necessary steps, as it may deem fit, including Ratification, Termination or Revision of any terms of the Related Party Transaction. The Audit Committee shall keep the Board apprised of any instances of such transactions entered into with any related party in contravention of this policy and recommend to Board for its approval.

8. Disclosures

The following disclosures in relation to related party transactions shall be made by the Company in the manner herein specified:-

- ❖ Disclosure in the Board's Report about the particulars of contracts or arrangements with related parties referred to in sub section (1) of Section 188 of the Act, in the manner as prescribed therein.
- ❖ Details of all material transactions, if any, with related parties shall be disclosed quarterly along with the Compliance report on Corporate Governance.
- ❖ 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 its website.
- ❖ The Company shall disclose this policy on its website and a weblink thereto shall be provided in the Annual Report.

9. Amendments to this Policy :

The Audit Committee shall review and amend this Policy as and when required, subject to the approval of the Board of Directors.

Any subsequent amendment(s)/modification(s) in the Listing Regulations and/or other applicable laws in this regard shall automatically apply to this Policy.

