

**POLICY ON RELATED PARTY TRANSACTION
OF
PRISTINE LOGISTICS & INFRAPROJECTS LIMITED**

Date of approval Board of Directors : March 22, 2022
Effective Date : The Policy will be effective upon listing of securities of the Company on stock exchanges.

INTRODUCTION

The Board of Directors of Pristine Logistics & Infraprojects Limited ("**Company**" or "**PLIL**"), adopts the following policy and procedures with regard to Related Party Transactions (RPT) as defined below, in compliance with the requirements of Section 188 of the Companies Act 2013 ("**Act**") and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**Listing Regulation**) and any subsequent amendments thereto in order to ensure the transparency and procedural fairness of Related Party Transactions.

DEFINITION

In this policy, unless the context otherwise requires -

"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.

"Audit Committee" or **"Committee"** means Committee of Board of Directors of the Company constituted under provisions of Listing agreement and Companies Act, 2013.

"Board" means Board of Directors of the Company.

"Control" shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

"Key Managerial Personnel" means key managerial personnel as defined under the Companies Act, 2013 and includes:

- i. Managing Director, or Chief Executive Officer or Manager and in their absence, a whole-time director;
- ii. Company Secretary; and
- iii. Chief Financial Officer.

"Material Related Party Transaction" means a transaction with a related party if the transaction / transactions 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 statement of the Company.

"Policy" means Related Party Transaction Policy.

“Related Party” means related party as defined under sub clause (76) of section 2 of Companies Act, 2013 and rules framed there under which are as follows;

- i. a director or his relative;
- ii. 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 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 two per cent of its paid-up share capital;
- vi. anybody 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 under whose advice, directions or instructions a director or manager is accustomed to act:

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, Directions or instructions given in a professional capacity;

- viii. any company which is –
 - A. a holding, subsidiary or an associate company of such company; or
 - B. a subsidiary of a holding company to which it is also a subsidiary;
 - C. an investing company or the venturer of the company;
- ix. Director or key managerial personnel of the holding company or his relative with reference to a company; or
 - a. has control or joint control or significant influence over the company; or
 - b. is a key management personnel of the company or of a parent of the company; or

An entity is related to a company if any of the following conditions applies:

- a. The entity is a related party under Section 2(76) of the Companies Act, 2013; or
- b. The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); or
- c. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); or
- d. Both entities are joint ventures of the same third party; or
- e. One entity is a joint venture of a third entity and the other entity is an associate of the third entity; or
- f. The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company. If the company is itself such a plan, the sponsoring employers are also related to the company; or

- g. The entity is controlled or jointly controlled by a person identified in (1).
- h. A person identified in (1)(b) has significant influence over the entity (or of a parent of the entity); or

The related parties as defined under the Income Tax Act, 1961 shall also be determined by the Legal/ Finance Team in accordance with the relevant sections of the Act.

“Related Party Transactions” means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged. It refers to transactions/ contracts/ arrangement between the Company and its related parties which fall under one or more of the following headings:

As per Section 188 of the Companies Act 2013:

- Sale, purchase or supply of any goods or materials;
- Selling or otherwise disposing of, or buying, property of any kind;
- Leasing of property of any kind;
- Availing or rendering of any services;
- Appointment of any agent for purchase or sale of goods, materials, services or property;
- Such related party’s appointment to any office or place of profit in the Company, its subsidiary Company or associate Company; and
- Underwriting the subscription of any securities or derivatives thereof, of the Company.

As per Regulation 2 (zc) of (Listing Regulation):

Transfer of resources, services or obligations between a Company and a related party, regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract.

As per Ind AS 24:

A transfer of resources, services or obligations between related parties, regardless of whether or not a price is charged.

“Relative” means relative as defined under the Companies Act, 2013 and includes any one who is related to another, if –

- a. They are members of a Hindu Undivided Family;
- b. They are husband and wife; or
- c. Father (including step-father)
- d. Mother (including step-mother)
- e. Son (including step-son)
- f. Son’s wife
- g. Daughter
- h. Daughter’s husband
- i. Brother (including step-brother)
- j. Sister (including step-sister)

OBJECTIVES

This policy aims to chart out procedures to ensure that the transactions with related parties are fair.

This policy intends to ensure the transparency of approval process and disclosures requirements to ensure fairness in the conduct of related party transactions, in terms of the applicable laws.

This Policy shall supplement the Company's other policies in force that may be applicable to or involve transactions with related persons.

THE POLICY

Responsibility of Director

Every director and Key Managerial Personnel shall provide, at the beginning of the financial year, a written notice to the Board or Audit Committee of any concern or interest in potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Directors are also required to provide the information regarding their engagement with other entity during the financial year which may be regarded as related party according to this Policy.

Each director and Key Managerial Personnel shall make an annual declaration as per the provisions of the Companies Act and the rules framed thereof with respect to Related Party transactions to the Company in the last month ending before the financial year and this declaration shall be placed before the Audit Committee and the Board at their first meeting held at the succeeding financial year.

Any change in the list of Relatives shall be intimated by the Directors and KMPs by way of a fresh declaration to the Company.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction. Every director or key managerial personnel shall, within a period of thirty days of his appointment, or relinquishment of his office in other Companies, as the case may be, disclose to the Company the particulars relating to his/her concern or interest in other associations.

Review

- Related party transactions will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Audit Committee or the Board who has potential interest in any Related Party Transaction will in terms of Rule 15(2) of the Companies (Meeting of Board and its Powers) Rules, 2014 shall not be present at the meeting during the discussions on the subject matter and shall recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.
- Audit Committee/Board will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy. All the transactions which are identified as Related Party Transactions should be preapproved by the Audit Committee before entering into such transaction.

- Audit Committee to be provided with all relevant information for review:
 - name of party and details explaining nature of relationship,
 - duration of the contract and particulars of the contract and arrangement,
 - nature and terms of the transaction, including the value, if any,
 - manner of determining the pricing to ascertain whether the same is on arm's length,
 - business purpose of the transaction, and
 - any other relevant matters.
 - Guidance will be sought under the guidelines for transfer pricing as per the Income Tax Act, 1961;
 - Whether the transaction affects the independence of any independent director;
 - 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;
 - Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
 - Whether prior approval of the company was taken for the transaction; If prior approval was not taken, can the transaction be ratified; would such ratification be detrimental to the company;
 - *In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.*
 - Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, Executive Officer or other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel'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.

Transactions required approval prior approval of Audit Committee

- All Related Party Transactions shall require prior approval of Audit Committee.
- Further, all Material Related Party Transactions as defined above shall require approval of the shareholders through ordinary resolution even if they meet the twin test of arms' length and ordinary course of business.
- Related Parties shall abstain from voting on such resolutions.

Transactions not requiring approval

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

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

- The Audit Committee shall lay down the criteria for granting the 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;
- The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- Such omnibus approval shall specify (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 and (iii) such other conditions as the Audit Committee may deem fit;

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.

- 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; and
- Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

BOARD OF DIRECTORS

In case of Related Party Transaction which is not in the ordinary course of business or not at arm's length transaction, whether or not it is a material Related Party Transaction, prior approval of the Board through a resolution passed at the meeting of the Board shall be necessary.

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.

The policy shall be reviewed by the Board on a yearly basis.

SHAREHOLDER APPROVAL

All material related party transactions shall require prior approval of the shareholders through resolution and no Related Party shall vote on such resolutions whether the entity is a Related Party to the particular transaction or not. However, the said requirement would not be applicable in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code, 2016 subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

If a related party transaction is not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds as prescribed under Section 188 of the Companies Act, it shall require shareholders' approval by a resolution. The Related Parties shall abstain from voting as shareholders in case of Related Party Transactions which require the approval of shareholders.

However, the shareholders' approval is not required for the transactions entered into between the Company and its wholly owned subsidiaries whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

PROCESS FOR DEALING WITH RELATED PARTY TRANSACTIONS

A list of all the related parties in relation to the Company received from the Board shall be updated from time to time.

Basis the above mentioned list of related parties, every department shall, prior to entering in to any contract or arrangement with a related party, ascertain whether the proposed contract or arrangement satisfies the approval mechanism prescribed under this Policy.

The contract / arrangement shall not be entered in to without the necessary approval from the Audit Committee / Board / shareholders, as the case may be. Compliance to this condition will strictly be adhered to by the concerned department proposing the underlying contract or arrangement.

REPORTING OF RELATED PARTY TRANSACTIONS

Every contract or arrangement, which is required to be approved by the Board / shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.

The details of material transactions with related parties will be included in the corporate governance reports which are required to be submitted to the stock exchanges on a quarterly basis.

The Company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report of the Company.

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.

MAINTENANCE OF REGISTER

The Company shall keep and maintain a register, either physically or electronically giving separately the particulars of all contracts or arrangements to which Section 188 of the Companies Act, 2013 applies. If Section 188(1) is not applicable because of the exception under the third proviso to Section 188(1) i.e., transaction with related party at arms' length basis and in the ordinary course of business, the requirement regarding entries in the Register under Section 189 of the Companies Act, 2013 would not apply and hence no entries in the register would be necessary.

The Company shall maintain such register in the Registered Office of the Company and provide extracts from such register to a member of the Company on his request, within seven days from the date on which such request is made upon the payment of such fee as may be specified in the articles of the Company but not exceeding ten rupees per page.

The register to be kept under this section shall also be produced at the commencement of every Annual General Meeting of the Company and shall remain open and accessible during the continuance of the meeting to any person having the right to attend the meeting

The register shall be preserved permanently and shall be kept in the custody of the Company Secretary /Chief Financial Officer of the Company or any other person authorized by the Board for the purpose

AMENDMENT

The Board of Directors reserves the power to review and amend this policy from time to time. The Board shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding. The Policy shall be reviewed by the Board at least once every three years and updated accordingly. Any exceptions to the Policy on Related Party Transactions must be consistent with the Companies Act 2013, including the Rules promulgated thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

COMMUNICATION OF THIS POLICY

This Policy shall be posted on the website of the Company at www.pristinelogistics.com.