

PICCADILY AGRO INDUSTRIES LTD.

CIN : L01115HR1994PLC032244

Piccadily Agro related party

Transaction – Policy and Procedures

INTRODUCTION:

Section 188 of the Companies Act, 2013 ('Act') read with rules 15 and 16 of Companies (Meetings of Board and its Powers) Rules, 2014 ('Rules') and the Clause 49 of the Listing Agreement ('Clause 49') requires every listed company to establish a Policy on materiality and of dealing with Related Party Transactions.

Accordingly, this Policy of Piccadily Agro Industries Ltd. (PAIL) or the company has been framed to ensure that Related Party Transactions are managed and disclosed in accordance with the strict legal and accounting requirements as well as to define the procedures by which Related Party Transactions must be reported, reviewed, approved and managed.

2. Related Party Transactions

A related party transaction is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

3. Meaning of a "Related Party".

The term 'related party' means as defined under Section 2(76) of the Act and clause 49.

4. Dealing with Related Party Transaction

No Related party Transaction can be entered into unless approved by the Audit Committee and the Board of Directors of PAIL. Except for the transactions entered into by the company in its ordinary course of business and arm's length basis, no contract or arrangement with related party shall be entered into except with the prior approval of the company by a special resolution with respect to-

- (i) Sale, purchase or supply of any goods or materials, directly or through appointment of agent, exceeding ten per cent of the turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;
- (ii) Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, exceeding ten per cent of net worth of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (b) and clause (e) respectively of sub section (1) of section 188;
- (iii) Leasing of property of any kind exceeding ten percent of the net worth of the company or ten per cent of turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (c) of sub-section(1) of section 188;
- (iv) Availing or rendering of any services, directly or through appointment of agent, exceeding ten per cent of the turnover of the company or rupees fifty crore, whichever is lower, as mentioned in clause (d) and clause (e) respectively of sub section (1) of section 188;

Explanation: It is hereby clarified that the limits specified in sub-clauses (i) to (iv) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

- (v) Appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and half lac rupees as mentioned in clause (f) of sub-section (1) of section 188; or
- (vi) Remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding one percent of the net worth as mentioned in clause (g) of sub-section (1) of section 188.

Explanation:-

- (1) The Turnover or Net Worth referred in the above sub-rules shall be computed on the basis of the Audited Financial Statement of the preceding financial year.

In case of a wholly owned subsidiary, the special resolution passed by the holding company shall be sufficient for the purpose of entering into the transactions between the wholly owned subsidiary and the holding company.

The explanatory statement to be annexed to the notice of a general meeting convened pursuant to section 101 shall contain the following particulars, namely:-

Name of the related party;

Name of the director or key managerial personnel who is related, if any;

Nature of relationship;

Nature, material terms, monetary value and particulars of the contract or arrangement;

Any other information relevant or important for the members to take a decision on the proposed resolution.

All material Related Party Transactions not covered under (a) to (g) above shall also require approval of the shareholders through special resolution.

A transaction with a related party shall be considered material, 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 statements of the company.

The related parties shall abstain from voting on such resolutions.

The expression "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 or interest.

5. Consideration of Related Party Transactions.

The audit Committee may grant omnibus approvals for the Related Party Transactions proposed to be entered into by the company subject to the following conditions:

- a. 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.
- b. The Audit Committee shall 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 (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.
- d. 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.
- e. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

Any potential Related Party Transactions shall be reported to the Secretarial Department of PAIL for getting the same approved by the Audit Committee

In considering a Related Party Transaction, the Audit Committee/Board shall consider such factors as it deems appropriate, including;

- (i) The business rationale for the Related Party Transaction;
- (ii) The commercial reasonableness of its terms;
- (iii) The materiality of the Related Party Transaction to PAIL;
- (iv) Whether its terms are (and will be perceived to be) fair to PAIL and on the same basis as would apply if the transaction did not involve a Related Party;
- (v) The extent of the Related Party's interest in the Related Party Transaction;
- (vi) If applicable, the impact (or perceived impact) of the Related Party Transaction on a director's independence;
- (vii) The actual, apparent or perceived conflict of interest of the Related Party participating in the Related Party Transaction; and
- (viii) The legal and regulatory requirements to be followed by PAIL in respect of the Related Party Transaction

No director shall participate in the evaluation or approval of any Related Party Transaction for which he or she is a Related Party and will abstain from voting on the approval of the Related Party

Transaction, except that the director shall provide all material information concerning the Related Party Transaction to the Board and may otherwise participate in some or all of the Audit Committee/Board's discussions if so requested.

6. DISCLOSURES

1. Details of all material transactions with related parties shall be disclosed quarterly alongwith the Compliance report on corporate governance.
2. The company shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report.