



Priti International Limited

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PRITI INTERNATIONAL LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

PRITI INTERNATIONAL LIMITED

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Background:

The Board of Directors (“**Board**”) of **Priti International Limited** (“**Company**”), in its meeting dated **March 25, 2023**, on the recommendations of the Audit Committee, has adopted this Policy on Related Party Transactions, pursuant to the provisions of Companies Act, 2013 (“**Act**”) and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”), in supersession of all the previous policies of the Company in this regard.

This Policy shall be effective from the date of its approval by the Board, that is, from March 25, 2023.

The objective of this Policy is to regulate the transactions between the Company and its Related Parties based on the laws and regulations applicable to the Company. The policy lays down the framework for appropriate approval and reporting of related party transactions in line with the Company’s corporate governance principles i.e. Trust, Transparency, Integrity and ethical business practices.

Definitions:

“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 the Committee of the Board of the Company constituted in accordance with provisions of regulation 18 of the Listing Regulations and Section 177 of the Companies Act, 2013.

“Board” means the Board of Directors of the Company.

“Key Managerial Personnel” means key managerial personnel as defined under the Companies Act, 2013.

“Material Modification” means any change in the value of transaction exceeding 20% of the value of the original transaction with the related party as already approved by the Audit Committee / Board / Shareholders, as the case may be.

“Material Related Party Transaction” means a transaction with a Related Party, which is considered material in terms of provisions of the regulation 23 of the Listing regulations and Section 188 of the Act and Rules made thereunder

“Ordinary course of Business” means a transaction that satisfies following guiding principles:

- a) Transaction covered in the Object Clause of Memorandum of Association of the Company.
- b) Transactions which are in furtherance of Business/Objects of the Company or are common in the industry in which the Company operates.
- c) Transactions which are frequent/repetitive or otherwise routine in nature.
- d) Meets any other parameters/criteria as may be decided by the Board of the Audit Committee, from time to time.

“Policy” means this Policy on Related Party Transaction.

“Related Party” means a related party as defined under defined under Section 2(76) of the Act read with Rules made thereunder, Regulation 2(1)(zb) of the Listing Regulations, and Indian Accounting Standard 24, as amended from time to time.

“Related Party Transaction” means a related party transaction as defined under Section 188(1) of the Act read with Rules made thereunder, Regulation 2(1)(zb) of the Listing Regulations, as amended from time to time.

Unless the context otherwise requires, the words and expressions used in this Policy, and not defined herein, but defined in the Act or the Listing Regulations, shall have the meaning as assigned to them in the Act or Listing Regulations.

Policy:

Material Thresholds:

The Board has, in accordance with the Listing Regulations, determined that a transaction with a Related Party shall be considered as material if the transaction to be entered into individually or taken together with previous transactions during a financial year exceeds:

- a) Rupees one thousand crore or ten per cent of the annual consolidated turnover as per the last audited financial statements, whichever is lower.
- b) 5% of annual consolidated turnover as per the last audited financial statements in case of a transaction involving payment with respect to brand usage or royalty.

The above threshold limit shall be reviewed by the Board every three years or as may be required due to amendments in the Companies Act, 2013 or Listing Regulations, as the case may be.

Periodic identification of Related Parties:

Related parties shall be identified under the Companies Act, 2013 and the Listing Regulations, as amended from time to time. The Management of the Company shall request information, that may be required, for inclusion in the list of Related Parties, from all the Directors and Key Managerial Personnel of the Company.

Each Director and Key Managerial Personnel of the Company shall be required to inform the Management of the Company of any change in the information previously provided on the list of Related Parties of the Company, from time to time.

Each Director and Key Managerial Personnel is responsible for providing notice to the Board/Audit Committee of any potential Related Party Transaction involving him / her or his / her interest, including any additional information about the transaction that the Board / Audit Committee may reasonably request, to consider and review the proposed transaction(s).

The list of identified Related Parties will be tagged and updated in the accounting system regularly and also periodically sent out to those officials of the Company that might be in the position to conduct or know the possible conduct of Related Party Transactions.

Approvals for transactions with related parties:

Before undertaking any transaction, it must be examined by the Management of the Company whether such transaction qualifies as a Related Party Transaction, requiring compliance with this Policy.

The Company Secretary, in consultation with such other concerned persons, as appropriate, shall determine whether or not a transaction constitute a Related Party Transaction, and the manner in which the approval for such transaction shall be required.

Approval of Audit Committee:

Unless otherwise provided under applicable laws, all Related Party Transactions and subsequent material modifications shall require prior approval of Audit Committee in accordance with provisions of the Act and the Listing Regulations. The Audit Committee shall consider all relevant factors before granting its approval to the proposed transaction.

The Related Party Transactions shall be approved, only, by the members of the Audit Committee who are Independent Directors. Any member of Audit Committee having a potential interest in the proposed transaction, will recuse himself, and abstain from discussion, and voting, on the proposal for approval of the said Related Party Transaction.

The Company may also obtain Omnibus approval from the Audit Committee for such Related Party Transactions, which are repetitive in nature, subject to compliances of the provisions of the Section 177 of the Act read with Rules made thereunder and Regulation 23 of the Listing Regulations.

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

The Audit Committee shall review, on a quarterly basis, the Related Party Transactions entered into by the Company, pursuant to each of the Omnibus approvals given.

Approval of the Board:

Following Related Party Transaction shall require the prior approval of the Board:

- a) Transactions specified in Section 188(1) of the Act, which are not in the ordinary course of business and/or are not on arm's length basis.
- b) Material Related Party Transactions, proposed to be approved by the Shareholders.
- c) Related Party Transactions for which approval of the Board is required under applicable laws for time being in force.
- d) Any other transaction, which in the opinion of the Audit Committee should be approved by the Board or where the Board is of opinion that the same should be approved by the Board.
- e) Material Modification to the transactions, previously approved by the Board in terms of clause a) to d).

Any Director having a potential interest in the proposed transaction, will recuse himself, and abstain from discussion, and voting, on the proposal for approval of the said Related Party Transaction.

Approval of the Shareholders:

All Material Related Party Transaction and subsequent Material Modifications thereto shall be placed for prior approval of the Shareholders in terms of Regulation 23(4) of the Listing Regulations.

Further, the transaction specified under Section 188(1) of the Act, which are not in the ordinary course of business of the Company and/or are not on arm's length basis shall require prior approval of the Shareholders of the Company.

Voting requirements:

Before approving any Related Party Transaction, the Chief Financial Officer must express a reasoned opinion on the Company's interest in carrying out the transaction and on the benefits and substantive fairness of the related terms. In determining whether to approve or ratify a Related Party Transaction, the Audit Committee / Board, as the case may be, shall take into account, inter-alia Independent external advice/ certification/ valuation and various factors/ criteria as specified in the applicable laws and conducts a review, to determine, whether the Related Party Transaction is in the Ordinary course of Business of the Company and whether it qualifies as an Arm's Length Transaction and the extent of the Related Party's interest in the transaction.

In determining whether a Transaction is in the Ordinary course of Business of the Company and/or on Arm's Length Basis, the Audit Committee / Board, as the case may be, is entitled to seek the assistance of Management of the Company and/or one or more independent experts of its choice at the expense of the Company.

In case of transaction requiring Shareholder's approval, no Member of the Company shall vote on such resolution, if such member is a Related Party to the proposed contract or arrangement.

Further, no member of the Company, who is a Related Party, shall vote, to approve such resolution, whether or not the member is a Related Party to the transaction in consideration.

Deemed Approval:

All those transactions, where separate procedures/ approvals mechanism are provided under the provisions of the Act and Listing Regulations, shall not be required to be approved under this Policy, such as:

- a) Approval for the payment of remuneration to Directors, KMPs and other Related Party of the Company, who are covered under the Nomination and Remuneration Policy of the Company.
- b) Corporate Actions by the Company, which are uniformly applicable/offered to all Shareholders of the Company in proportion to their Shareholding.

- c) Corporate Restructuring such as Merger, Demergers, Capital Reductions etc. and other Compromises and Arrangements.
- d) Contribution with respect to Corporate Social Responsibility and other Donations pursuant to Approval of Board or the Corporate Social Responsibility Committee.
- e) Transactions which are exempted under the Act and/or Listing Regulations.

Ordinary Course of Business and Arm's Length Price:

Arm's length pricing in respect of all Related Party Transactions shall be determined in accordance with the policy memos adopted by the Board for specified Related Party Transactions, where such memos have been prepared.

All proposed Related Party Transactions may be assessed as to whether they are in the Ordinary course of business by reference to the Company's Note on 'Determination of Ordinary Course of Business', as may be approved by the Audit Committee.

Disclosure and reporting:

Details of the Related Party Transactions during the Quarter shall be disclosed in the Audit Committee and Board Meeting.

The Company shall submit to the Stock Exchanges, disclosure of Related Party Transactions in the format specified by SEBI, from time to time, and publish the same on its website.

The Annual Report shall contain details of Related Party Transactions as required under the Companies Act, 2013 and Schedule V of the Listing Regulations.

Review of the Policy:

The adequacy of this Policy shall be reviewed and reassessed by the Audit Committee periodically and appropriate recommendations shall be made to the Board to update the Policy based on the changes that may be brought about due to any regulatory amendments or otherwise.

The policy shall be reviewed by the Board of Directors at least once every three years including threshold limits specified therein and updated accordingly.

Amendments to the Policy

Any amendment in the Policy shall be approved by the Board. 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. Any subsequent amendment / modification in the Act and the SEBI Regulations and / or any other laws in this regard shall automatically apply to this Policy.

Communication:

This Policy shall be uploaded on the website of the Company.

Any questions and clarifications relating to this Policy should be addressed to the Company Secretary at cs.pritiinternationaltd@gmail.com

Compliance:

The Audit Committee shall be responsible for supervision of the Policy.

Interpretation:

In any circumstance where the terms of this Policy are inconsistent with any existing or newly enacted law, rule, regulation or standard governing the Company, the said law, rule, regulation or standard will take precedence over this Policy.