

PURSHOTTAM INVESTOFIN LIMITED

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Policy on Related Party Transactions

Preamble

Purshottam Investofin Limited (the “Company” or “PIL”) recognizes that certain relationships can present potential or actual conflicts of interest and may raise questions about whether transactions associated with such relationships are consistent with Company’s and its stakeholder’s best interests. The Company must specifically ensure that certain Related Party Transactions are managed and disclosed in accordance with the strict legal and accounting requirements to which the Company is subject.

The Board of Directors (“the Board”) of PIL has adopted the following Policy and procedure in relation to Related Party Transactions. The Policy envisages the procedure governing Related Party Transactions required to be followed by the Company to ensure compliance with the Law and Regulations.

This Policy will be applicable to the Company. This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable to the Company.

Purpose

This policy is framed as per the requirements of Regulation 23 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any modification(s) / amendment(s) / re-enactment(s) thereof] (“Listing Regulations”) and in terms of Section 188 of the Companies Act, 2013 and is intended to ensure proper approval, disclosure and reporting requirements of transactions between the Company and its Related Parties.

Related Party Transactions are considered appropriate only if they are in the best interests of the Company and its Shareholders. The Company is required to disclose each year in the Financial Statements and in the Annual Report transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

DEFINITIONS

“Act” shall mean the Companies Act, 2013 and the Rules framed there under, including any modifications, amendments, clarifications, circulars or re-enactment thereof.

“Arm’s Length basis” 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 Section 177 of Companies Act, 2013 and as per Regulation 18 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, or any other act for the time being in force.

“Board” means Board of Directors of the Company.

“Director” means a member of the Board of Directors of the Company.

“Policy” means Related Party Transactions Policy.

“Ordinary course of business” means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities.

“Related Party Transaction” means a transaction involving a transfer of resources, services or obligations between:

- (i) Our Company or any of its subsidiaries on one hand and a related party of the company or any of its subsidiaries on the other hand; or
- (ii) Our Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company or any of its subsidiaries, with effect from April 1, 2023; 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:

Provided that the following shall not be a related party transaction:

- (a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (b) the following corporate actions which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - i. payment of dividend;
 - ii. subdivision or consolidation of securities;
 - iii. issuance of securities by way of a rights issue or a bonus issue; and
 - iv. buy-back of securities.
- (c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board:

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognized stock exchange(s);

“Material Related Party Transaction” means a transaction to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

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 five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

“Related Party” has the meaning assigned under:

- i. Section 2(76) of the Companies Act, 2013.
- ii. Regulation 2(1)(zb) of the Regulations.
- iii. Applicable accounting standards, as amended from time to time.

“Relative” means relative as defined under Section 2(77) the Companies Act, 2013 and Rules made there under, as amended from time to time.

“Key Managerial Personnel” means Key Managerial Personnel in relation to a Company as defined subsection 51 of Section 2 of the Companies Act, 2013, as amended from time to time, means and includes:

- i. the Chief Executive Officer or the managing director or the manager;
- ii. the company secretary;
- iii. the whole-time director;
- iv. the Chief Financial Officer;
- v. **such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and**
- vi. **such other officer as may be prescribed**

“Control” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and takeovers) Regulations, 2011, as amended from time to time.

“Associate Company” in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

Significant Influence: - means control of at least twenty per cent of total voting power, or control of or participation in business decisions under an agreement.

Joint venture: - means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the Net assets of the arrangement.

“Material Modification” mean and include any modification to an existing related party transaction having variance of 20% of the existing limit as sanctioned by the Audit Committee / Board / Shareholders, as the case may be.

Policy and Procedure

Policy

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

All Related Party Transactions and subsequent material modifications shall require prior approval of Audit Committee of the Company. **Further, all Material Related Party Transactions and material modifications shall require prior approval of the shareholders through resolution and the Related Parties shall abstain from voting on such resolutions.**

Procedure

A. Disclosure by Directors

Every Director and KMP shall at the beginning of the Financial Year provide information by way of written notice to the Company regarding his concern or interest in the entity with specific concern to parties which may be considered as related party with respect to the Company and shall also provide the list of relatives which are regarded as related party as per this policy. Directors and KMP are also required to provide the information regarding their engagement with other entity/change thereto during the financial year which may be regarded as related party according to this policy.

B. Identification of Transaction with related Parties

The Company Secretary or Chief Financial Officer shall, in consultation with the Managing Director, will identify the potential transactions with the Related Parties in accordance with Section 188 read with Section 177 of the Companies Act, 2013 and Regulation 2(1)(zc) of the Regulations and place before the Board or Committee for their record.

C. Review and approval of Related Party Transaction

i. Audit Committee

Every Related Party Transaction and subsequent material modifications shall be subject to the prior approval of the Audit Committee. Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.

A related party transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the audit committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the Company. (w.e.f. 1st April, 2023 if it exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary).

Prior approval of the audit committee of the Company shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of the Regulations are applicable to such listed subsidiary.

Payment of remuneration and sitting fees paid by the company or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material in terms of this policy.

However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into with the Company or its subsidiary which are repetitive in nature and are in the ordinary course of business and are at arm's length basis, subject to compliance under Companies Act, 2013, Rules made thereunder and Listing Regulations, as amended from time to time.

The maximum value per transaction which can be approved under omnibus route will be the same as per the materiality threshold as in this Policy.

Any member of the Committee or the Directors of the Board who has potential interest in any Related Party Transaction shall not participate / abstain from discussions / voting on the subject matter involving approval of Related Party Transaction. The Audit Committee shall review at least on a quarterly basis, the details of Related Party Transactions entered by the Company or its subsidiary pursuant to each of the omnibus approval given. The omnibus approval shall be valid for a period not exceeding one (1) financial year and shall require fresh approval after the expiry of one (1) financial year.

ii. Board of Directors

Where approval of Board of Directors is required for any related party transaction or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

iii. Shareholder approval

All the transactions with the Related Parties exceeding the materiality thresholds, as laid down in this Policy, shall require prior shareholder approval.

Provided that prior approval of the shareholders of the Company shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of the Regulations are applicable to such listed subsidiary

For this purpose, none of the Related Parties of the Company shall vote to approve on such shareholders' resolution irrespective of whether the entity is a Related Party to the particular transaction or not.

iv. Transactions which do not require approval

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

- a) transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- b) transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- c) transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand.

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of shareholder:

Transactions in respect of a resolution plan approved under Section 31 of the Insolvency and Bankruptcy Code (IBC) 2016, subject to the event being disclosed to recognize stock exchange within one day of the resolution plan being approved.

v. Related Party Transactions not approved under this Policy

If a Related Party Transaction is entered into by the Company without being approved under this Policy, the same shall be reviewed by the Committee. The Committee shall evaluate the transaction and may decide such action as it may consider appropriate including ratification, revision or termination of the Related Party Transaction, to the extent permissible under the law. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

vi. Materiality of Related Party Transactions:

Contracts / Arrangements with related party shall be considered as "material related party contracts/Arrangements if the transactions to be entered into individually or taken together with previous transactions during a financial year exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

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 Five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

Thresholds prescribed under the Companies Act, 2013.

vii. Ratification Of Related Party Transactions:

In exceptional cases, where a prior approval is not taken for any Related Party Transaction due to an inadvertent omission or due to unforeseen circumstances or emergent situations, The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

- (i) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;

(ii) the transaction is not material in terms of the provisions of sub-regulation (1) of this regulation;

(iii) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;

(iv) the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of this regulation;

(v) any other condition as specified by the audit committee:

Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.”

Disclosure

- a. Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- b. The Company shall disclose the policy on dealing with Related Party Transactions on its website.
- c. The related party transactions shall be disclosed to stock exchange on half yearly basis within the prescribed time in the format as specified by the SEBI from time to time and publish the same on its website.

Amendment

Any change in the Policy shall be approved by the Board of Directors of the Company. The Board of Directors 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 Companies Act, 2013 or the Rules framed there under or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

This policy (including the thresholds) shall be reviewed by the Board of Directors at least once in three years and/or as and when required and updated accordingly. This Amended Policy is approved by Board of Directors on 06.02.2025
