



PPAP AUTOMOTIVE LIMITED
RELATED PARTY TRANSACTIONS POLICY

1. Preamble

The Board of Directors of PPAP Automotive Limited (“the Company” or “PPAP”), has adopted the policy on Related Party Transactions to regulate the transactions between the Company and its Related Parties in compliance with the requirements of Section 188 of the Companies Act, 2013 and Rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (“the Regulations”).

2. Purpose

This Policy is intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders.

All Related Party Transactions must be reported to and placed for approval of the Audit Committee.

3. Definitions

- a) **“Act”** shall mean the Companies Act, 2013 and the Rules made there under, including any modifications, amendments, clarifications, circulars or re-enactment thereof.
- b) **“Arm’s Length”** means a transaction between two Related Parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- c) **“Audit Committee or Committee”** means Committee of Board of Directors of the Company constituted under Regulation 18 of the Regulations and Section 177 of the Companies Act, 2013 or any other Act for the time being in force.
- d) **“Board”** means the Board of Directors of the Company.
- e) **“Control”** shall have the same meaning as defined under Regulation 2(1)(e) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time.
- f) **“Director”** means a member of the Board of Directors of the Company.
- g) **“Key Managerial Personnel” or “KMP”** means key managerial personnel as defined under Section 203 of the Companies Act, 2013, as amended from time to time.
- h) **“Material Related Party Transaction”** means a transaction with a Related Party if the transaction / transactions:

- i. 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. or
 - ii. Involve payments made to a Related Party with respect to brand usage or royalty exceed two percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
- i) **“Ordinary course of business”** means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities.
- j) **“Policy”** means Related Party Transactions Policy.
- k) **“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.
- l) **“Related Party Transaction”** means transfer of resources, services or obligations between the Company and its Related Party, regardless of whether 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, including but not limited to the following:
 - i. Sale, purchase or supply of any goods or materials;
 - ii. Selling or otherwise disposing of, or buying, property of any kind;
 - iii. Leasing of property of any kind;
 - iv. Availing or rendering of any services;
 - v. Appointment of any agent for purchase or sale of goods, materials, services or property;
 - vi. Appointment of such Related Party's to any office or place of profit in the Company, its subsidiary company or associate company; and
 - vii. Underwriting the subscription of any securities or derivatives thereof of the Company.

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

4. Manner of dealing with Related Party Transactions

4.1 Identification of Related Parties

The Company will identify the Related Parties as defined under Section 2(76) of the Companies Act, 2013 read with the Rules made there under and Regulation 2(1)(zb) of the Regulations.

4.2 Identification of Related Party Transactions

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 placed before the Board or Committee for their record.

4.2 Review and approval of Related Party Transactions

Audit Committee

Every Related Party Transaction shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolutions by circulation. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into with the Company which are repetitive in nature and are in the Ordinary course of business and are at Arm's Length basis, subject to compliance under Section 188 of the Companies Act, 2013, Rules made thereunder and Regulation 23 of the Regulations, as amended from time to time.

Any member of the Committee who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of such Related Party Transaction.

The maximum value per transaction which can be approved under omnibus route will be the same as per the materiality threshold as defined in Clause 5 of this Policy. The Audit Committee may allow omnibus approval to any Related Party Transaction exceeding the aforesaid limit on need basis after approval of the Board.

The 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. 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.

Board

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case decides to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction and 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.

Shareholders

All the transactions with the Related Parties exceeding the materiality thresholds, as laid down in Clause 5 of this Policy, shall be placed before the shareholders for their approval.

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.

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

- i. 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.
- ii. 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.

4.3 Related Party Transactions not approved under this Policy

In any event the Company becomes aware of a transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee may examine the facts and circumstances of the case and take any such action it deems appropriate.

5. Materiality Thresholds

The threshold limits for approval of Related Party Transactions by Audit Committee or the Board or shareholders in general meeting under Regulation 23 of the Regulations are as under:

- a) Payment to a Related Party with respect to brand usage or royalty - 2% of the annual consolidated turnover of the Company as per its last audited financial statements.
- b) Other transactions with a Related Party - 10% of the annual consolidated turnover of the Company as per its last audited financial statements.
- c) Thresholds prescribed under the Companies Act, 2013.

6. Disclosures

Details of all Material Related Party Transactions shall be disclosed, quarterly in the compliance report on corporate governance, as required under Regulation 27 of the Regulations, and the same shall be placed before the meeting of the Board of Directors 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 on the website of the Company at www.ppapco.in.

The Company shall disclose all such transactions with any person or entity belonging to the promoter / promoter group which hold(s) 10% or more shareholding in the Company, in the format prescribed in the relevant accounting standards for annual results.

7. Periodic Review

The Board on recommendation of the Audit Committee of the Company shall review the Policy once in three years and may amend the same from time to time, and the decision of the Board in this respect shall be final and binding.

Nothing in this Policy shall override any provisions of law made in respect of any matter stated in this Policy.

8. Dissemination of Policy

This Policy shall be hosted on the website of the Company i.e. www.ppapco.in.