

PRINCE[®]
PIPING SYSTEMS



**POLICY ON RELATED PARTY
TRANSACTIONS**

POLICY ON RELATED PARTY TRANSACTIONS

OBJECTIVE:

The Board of Directors (the “Board”) of Prince Pipes and Fittings Limited (“the Company” / “PPF”), acting upon the recommendation of its Audit Committee, has adopted this policy (the “Policy”) and procedures with regard to Related Party Transactions (“RPT”). The Audit Committee shall review and may amend this Policy from time to time. This Policy is framed as per requirement of Regulation 23 of the SECURITIES AND EXCHANGE BOARD OF INDIA (Listing Obligations and Disclosure Requirements) REGULATIONS, 2015 [“SEBI (LODR), 2015”].

The objective of this Policy and procedure is to ensure that transactions between PPF and its related parties are based on principles of transparency and arm’s length dealings. Likewise, this Policy aims at preventing and providing guidance in situations of potential conflict of interests in the implementation of transactions involving such related parties.

DEFINITIONS:

- a) **“Audit Committee”** means audit committee of Board of Directors of FRL constituted under provisions of SEBI (LODR), 2015.
- b) **“Related Party”** shall mean a person or entity that is related to the company as defined under Section 2(76) of the Companies Act, 2013 or such entity is a related party under the applicable accounting standards or as provided in regulation 2 SEBI (LODR), 2015 as amended from time to time.
- c) **“Related Party Transaction”** shall mean all transactions between the Company and a Related Party as per Regulation 2 of the “SEBI (LODR), 2015” as may be amended from time to time.
- d) **“Material transaction”** shall have the same meaning as defined under the listing agreement with the stock exchanges.
- e) **“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.
- f) **“Relative”** means relative as defined under the Companies Act, 2013 and includes anyone who is related to another, if-
 - i. They are members of a Hindu Undivided Family;
 - ii. They are husband and wife;
 - iii. Father (including step-father);
 - iv. Mother (including step-mother);
 - v. Son (including step-son);
 - vi. Son’s wife;
 - vii. Daughter;
 - viii. Daughter’s husband;
 - ix. Brother (including step-brother); or
 - x. Sister (including step-sister).

The terms Director, Whole-time Director, Managing Director, Chief Financial Officer, Company Secretary, Key Managerial Personnel (“KMP”) shall have the same meaning as assigned to it under the Companies Act, 2013.

POLICY :

The RPTs should be in conformity with the prevailing rules and regulations prescribed by law.

All RPTs shall be placed before the Audit Committee for prior approval of the Audit Committee, as required under the provisions of the Act and the LODR.

The Audit Committee may grant omnibus approval for RPTs which are repetitive in nature, provided that such approval shall remain valid for a period not exceeding one year, during which period the commercial terms of approved RPTs may change, provided that arm’s length criterion shall be ensured at the time of each such change.

Further, where the need for RPTs cannot be foreseen and requisite details are not available, the Audit Committee may grant omnibus approval for such transactions.

Any RPT which is not in the Ordinary Course of Business of the Company or not at Arm’s Length Basis shall be affected only with prior approval of the Board of Directors of the Company, on recommendation of Audit Committee.

All RPT specified in the Act which are not Ordinary Course of Business of the Company or not at Arm’s Length Basis; and exceed the thresholds laid down in Companies (Meeting of Board and its Power) Rules, 2014 shall be placed before the shareholders for its approval.

Notwithstanding, the RPTs which cross the Materiality thresholds as defined herein shall be entered by the Company only with prior approval of shareholders of the Company, as per applicable provisions of the LODR, as may be amended from time to time.

Subject to the applicable laws, the Audit Committee shall have the power to ratify, revise or terminate the RPTs, which are not in accordance with this Policy.

Exclusions:

The following shall not be deemed as a RPT:

- i) Any transaction that involves the providing of compensation to a director by way of salary, fee, commission, perquisites, rent free accommodation or otherwise, in connection with his or her duties to the Company;
- ii) Contributions made by the Company to a charitable organization, trust, foundation or university at which a related party is a trustee, director or employee other than key managerial personnel (or comparable position), provided that each such contribution, made in a particular financial year, does not exceed two per-cent (2%) of the Company’s average net profit for the preceding three financial years;
- iii) 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.

ADMINISTRATIVE MEASURES:

The Company's management shall institute appropriate administrative measures to ensure that all RPTs entered into by the Company are in compliance with applicable laws and this Policy. All persons dealing with the related party(ies) shall, irrespective of their level, be responsible for compliance with this Policy. The detailed processes relating to implementation of this Policy, as may be approved by the Audit Committee from time to time, shall be followed by all concerned. The Internal Auditors of the Company shall review the RPTs entered into by the Company on a periodic basis and report their observations to the Audit Committee. The Company Secretary shall be responsible to maintain/update the list of related parties (as required by applicable laws) and provide the same to all concerned. It is the duty of all employees of the Company to ensure that they do not deal with related parties under any kind of influence or coercion. The cases involving any unwarranted pressure should be promptly reported as per mechanism provided under the Whistle Blower Policy of the Company.

INTERPRETATION:

In any circumstance where the provisions of this Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the relevant law, rule, regulation or standard will take precedence over this Policy until such time as this Policy is changed to conform to the said law, rule, regulation or standard. In case of any clarification required with respect to this Policy, kindly contact the Company Secretary of the Company.

DISCLOSURE:

The Policy shall be made available on the website of the Company – www.princepipes.com and a web link thereto shall be provided in the Company's Annual Report.

This Policy will be effective for all Related Party Transactions with effect from 16th September, 2017.