

# PUSHPSONS INDUSTRIES LIMITED

Registered Office:- B-40, Okhla Industrial Area, Phase-1, New Delhi-110020

CIN: L74899DL1994PLC059950

Tel: 011-41610121 Fax: 011-41058461

Email: [info@pushpsons.com](mailto:info@pushpsons.com) Website: [www.pushpsons.com](http://www.pushpsons.com)  
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## POLICY ON RELATED PARTY TRANSACTIONS

(Updated as on 12.08.2024 and approved by the board in its meeting held on 12.08.2024)

### 1. SCOPE AND PURPOSE OF THE POLICY:

Related party transactions can present a potential or actual conflict of interest, which may be against the best interest of the Company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 ("**Act**"), read with the Rules framed there under, and the SEBI (LODR) Regulations, 2015 ("**Regulations**"), Pushpsons Industries Limited ("**the Company**") has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

In light of the above, the Company has framed this Policy on Related Party Transactions ("**Policy**").

### 2. OBJECTIVE OF THE POLICY:

The objective of this Policy is to set out (a) the materiality thresholds for related party transactions and; (b) the manner of dealing with the transactions between the Company and its related parties based on the Act, *Regulations*, and any other enactments as may be applicable to the Company.

### 3. DEFINITIONS:

"Related Party", with reference to a Company, shall have the same meaning as defined in Section 2(76) of the Act, *Regulation 2(zb) of the Regulations, and Indian Accounting Standard (Ind AS) 24*.

"Relative" with reference to a Company, shall have the same meaning as defined in Section 2(77) of the Act and *Regulation 2(zd) of the Regulations*.

"Related Party Transaction" (RPT) with reference to a Company, shall have the same meaning as defined in Section 188 subsection (1) clause (a) to (g) of the Act, *Regulation 2(zc) of the Regulations, and Indian Accounting Standard (Ind AS) 24*.

Notwithstanding the foregoing, the following shall not be deemed RPTs:

- a. Any transaction which is in the ordinary course of business and on an arms' length basis as determined in terms of this Policy.
- b. Any other exception which is consistent with the Applicable Laws, including any rules or Regulations made thereunder

Determining "ordinary course of business": In the Ordinary Course of Business means all such acts and transactions undertaken by the Company, including, but not limited to sale or purchase of goods, property or services, leases, transfers, providing of guarantees or collaterals, in the normal routine in managing trade or business and is permitted by the objects clause of the Memorandum of Association of the Company. The Company should take into account the frequency of the activity and its continuity carried out in a normal organised manner for determining what is in the ordinary course of business.

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"Arm's length transaction ('ALP') means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

A Related Party with whom the Related Party Transaction is undertaken must have been selected using the same screening / selection criteria / underwriting standards and procedures as may be applicable in case of an unaffiliated party.

The Company shall produce evidence to the satisfaction of the Audit Committee for complying with the said procedure, as and when applicable as required

"Promoter" and "Promoter Group" - shall have the same meaning as assigned to them respectively in clauses and of sub-regulation (1) of Regulation 2 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

Holding Company as specified under Section 2(46) of the Companies Act, 2013.

Subsidiary Company as specified under Section 2(87) of the Companies Act, 2013.

Associate Company as specified under Section 2(6) of the Companies Act, 2013

Audit Committee means a committee of the Board of Directors of the Company constituted under provisions of the Act and Listing Regulations.

Board shall mean Board of Directors of the Company.

Key Managerial Personnel as specified under Section 2(51) of the Companies Act, 2013.

Control as defined under the Act includes the right to appoint majority of the Directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly, indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

## **4. MATERIALITY THRESHOLDS:**

A transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds 1000 crores (Rupees one thousand crore only) or ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the Company, whichever is lower.

Notwithstanding the above, a 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 5% (five) percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

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In addition to the above, transactions specified under Section 188 of the Act which (a) are not in the ordinary course of business and at arm's length basis; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 shall also be considered material.

## 5. MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS:

### a) Identification of related parties:

The Company identifies and updates the list of related parties on the basis of definition of related party, as prescribed under Section 2(76) of the Act read with the Rules framed there under, Regulation 2(zb) of the Regulations, and Indian Accounting Standard (Ind AS) 24.

### b) Identification of related party transactions:

The Company identifies related party transactions in accordance with Section 188 of the Act and Rules framed there under, Regulation 23 read with Regulation 2(zc) of the Regulations, and Indian Accounting Standard (Ind AS) 24.

### c) Procedure for approval of related party transactions Approval of the Audit Committee as per the Rule 6a of the *Companies (Meetings of Board and its Powers) Rules, 2014*

All related party transactions require prior approval of the Audit Committee.

**Omnibus approval:** The Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:

- i. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- ii. The omnibus approval shall provide -
  - the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into
  - the indicative base price / current contracted price and the formula for variation in the price if any and
  - such other conditions as the Audit Committee may deem fit.
- iii. However, in case of related party transactions which cannot be foreseen and where the above details are not available, Audit Committee may grant omnibus approval provided the value does not exceed Rs.1 crore per transaction;
- iv. 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;
- v. Such omnibus approval shall be valid for the current financial year, in which the approval is given, and shall require fresh approvals after the expiry of said financial year.

Company shall enter into any contract or arrangement with a related party as per the Rule 15 of the *Companies (Meetings of Board and its Powers) Rules, 2014*.

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### **d) Mechanism for approval for related party transactions and subsequent material modifications:**

#### **(i) Approval of Audit Committee of the Company:**

- (a) All Related Party Transactions and subsequent material modifications as defined above require prior approval of Audit Committee.
- (b) Only the Independent Directors who are the members of the Audit committee shall approve the Related Party Transactions.
- (c) A Related Party Transactions to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of 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 10% of the annual consolidated turnover, as per the last audited financial statements of the Company.
- (d) with effect from April 1, 2024, a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity 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 standalone turnover, as per the last audited financial statements of the subsidiary;

#### **(ii) Approval of Board of Directors of the Company:**

As per the provisions of Section 188 of the Act, and Rules made thereunder, and Regulation 23 of the Regulations, all transactions specified in the said Section, Rules, and Regulation, and which are not in the ordinary course of business and at arm's length basis, shall be placed before the Board for its approval.

#### **(iii) Approval of Shareholders of the Company:**

- a. The prior approval of the shareholders of the Company shall be obtained by passing a resolution for all material related party transactions and subsequent material modifications thereof.
- b. No related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

All the transactions with related parties meeting the materiality thresholds, laid down in Clause 4 of the Policy, shall be placed before the shareholders for approval.

### **6. DISCLOSURES:**

The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or arm's length basis along with the justification for entering into such transaction.

The Company shall submit to the stock exchanges disclosures of RPTs in the format as specified by the SEBI from time to time.

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### **7. NON-APPLICABILITY:**

The following transactions are exempted from the approvals under above clause 5(d) of this policy:

If the transaction is entered between:

- a. The Company and its wholly-owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting of the Company for approval.
- b. Two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting of the Company for approval.

### **8. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY:**

In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit 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 Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a related party transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

