



PPAP AUTOMOTIVE LIMITED
(Formerly Precision Pipes and Profiles Company Limited)

RELATED PARTY TRANSACTIONS POLICY

1. Preamble

The Board of Directors (the "Board") of PPAP Automotive Limited (the "Company" or "PPAP"), has adopted this Policy regarding the review and approval of Related Party Transactions.

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

2. Purpose

This policy is framed as per the requirement of Clause 49 of the Listing Agreement entered by the Company with the Stock Exchanges and also to comply with the provisions of the Companies Act, 2013 and 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. The Company is required to disclose each year in the Financial Statements certain transactions between the Company and Related Parties, as well as, policies concerning transactions with Related Parties.

3. Definitions

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

"Audit Committee or Committee" means Committee of Board of Directors of the Company constituted under provisions of Listing Agreement and Companies Act, 2013 or any other Act for the time being in force.

"Board" means the Board of Directors of the Company.

"Control" shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

"Key Managerial Personnel" means key managerial personnel as defined under the Companies Act, 2013 and includes:

- a) Managing Director, Chief Executive Officer or Manager and in their absence, a Whole-time Director;
- b) Company Secretary;
- c) Chief Financial Officer ; and
- d) such other officer(s) as may be prescribed under the Companies Act, 2013 from time to time.

"Material Related Party Transaction" means a transaction with a related party if the transaction / transactions 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.

“Policy” means Related Party Transaction Policy.

“Related Party” means a person or an entity:

- i. which is related party under Section 2(76) of the Companies Act, 2013; or
- ii. which is related party under the applicable accounting standards.

Related party under Section 2(76) of the Companies Act, 2013 and rules made there under are as follows:

- i. a Director or his relative ;
- ii. a Key Managerial Personnel or his relative ;
- iii. a firm, in which a Director, Manager or his relative is a partner ;
- iv. a private Company in which a Director or Manager is a member or Director ;
- v. a public Company in which a Director or Manager is a Director or holds along with his relatives, more than two per cent of its paid-up share capital ;
- vi. anybody Corporate whose Board of Directors, Managing Director, or Manager is accustomed to act in accordance with the advice, directions or instructions of a Director or Manager;
- vii. any person under whose advice, directions or instructions a Director or Manager is accustomed to act;

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

- viii. any Company which is –
 - (A) a holding, subsidiary, or an associate Company of such Company ; or
 - (B) a subsidiary of a holding Company to which it is also a subsidiary ;
- ix. Director or Key Managerial Personnel of the holding Company or his relative;
- x. A person or a close member of that person's family if that person:
 - a) is a related party under Section 2(76) of the Companies Act, 2013; or
 - b) has control or joint control or significant influence over the Company or of a parent of the Company; or
 - c) is a Key Managerial Personnel of the Company or of parent of the Company.
- xi. The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- xii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); or
- xiii. Both entity and the Company are joint ventures of the same third party; or
- xiv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity; or
- xv. The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company; or
- xvi. The entity is controlled or jointly controlled by a person identified in point (i) to (x) above.

“Related Party Transaction” means any transaction between the Company and any Related Party for transfer of resources, services or obligations regardless of whether a price is charged and includes –

- a) Sale, purchase or supply of any goods or materials;
- b) Selling or otherwise disposing of, or buying, property of any kind;
- c) Leasing of property of any kind;
- d) Availing or rendering of any services;
- e) Appointment of any agent for purchase or sale of goods, materials, services or property;

- f) Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company;
- g) Underwriting the subscription of any securities or derivatives thereof, of the Company;
- h) Financing (including loans and equity contributions in cash or kind);
- i) Providing or obtaining guarantees and collaterals; and
- j) Deputation of employees.

(The above is an indicative list and not an exhaustive list)

“Relatives” 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; or
- 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) ;
- x. Sister (including step-sister) ;

4. Policy

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

4.1 Identification of Potential Related Party Transactions

1. PPAP Group Companies :

All the companies in PPAP Group will be considered as Related Parties.

2. Key Managerial Personnel and connected Related Parties:

Each Director and Key Managerial Personnel shall disclose to the Company Secretary of the Company its Related Parties. The Board shall record the disclosure of Interest.

The Company shall also identify Related Party Transactions with Directors or Key Managerial Personnel of the holding company/ies or their relatives.

3. The Company will identify the potential transactions with the Related Parties.

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 on at Arm's Length basis, subject to compliance of the conditions contained in Clause 49 of the Listing Agreement.

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 the Related Party Transaction.

To review a Related Party Transaction, the Committee shall be provided with the necessary information, to the extent relevant, with respect to actual or potential Related Party Transactions and/or prescribed under the Companies Act, 2013 and Rules thereunder, and the Listing Agreement with the Stock Exchanges.

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 shall not require prior approval of the Audit Committee.

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 material Related Party Transactions shall require approval of the shareholders through special resolution and the Related Party/ies with whom transaction is to be entered shall abstain from voting on such resolution.

All the transactions, other than the Material Related Party Transactions, with the Related Parties which are not in the ordinary course of business or at Arm's Length basis, shall also require the approval of the shareholders through special resolution if so required under any law and the Related Parties shall abstain from voting on such resolution.

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

- i. Any transaction that involves the providing of compensation to a Director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- ii. 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.

4.3 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 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.

4. Amendments in Law

Any subsequent amendment/modification in the Listing Agreement and / or other applicable laws in this regard shall automatically apply to this Policy.

5. Miscellaneous

In connection with any review of a Related Party Transaction, the Committee has the authority to modify or waive any procedural requirements of this Policy.

The Company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report.