



## Praj Policy on related party transactions

This related party transactions policy (the policy") is amended to bring in line with the requirement of Regulation 23 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Regulation 23" and Companies Act, 2013 read with Rule 6A of Companies (Meeting of Board and its Powers) Rules, 2014 and other applicable rules, including amendment thereto, if any, herein after referred to as "the Act". The policy is intended to ensure transparency while dealing with the related parties, proper approval and reporting of transactions between the Company and its Related Parties.

### PREAMBLE

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Praj Industries Limited (the "Company" or "PRAJ") recognizes the principles and objectives behind the mechanism prescribed by Regulation 23 and applicable provisions of the Act, with respect to the related party transactions. Being a listed Company, the above regulatory frame work needs to be considered cumulatively and carefully as it mandates application of stricter of the two. The objective of this policy is to ensure that the related party transactions are in the best interests of the Company and its stakeholders and have been approved by following the due process of applicable laws and regulations.

### MATERIAL RELATED PARTY TRANSACTION

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Any related party transaction will be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds or exceed ten percent of the annual consolidated turnover as per the last audited financial statements of the Company.or the amounts as may be prescribed under Regulation 23from time to time. The material threshold limit shall also apply for the purposes of making disclosures under the Companies Act, 2013 with respect to disclosure of material related party transactions.

### MECHANISM FOR PLACING PROPOSED RELATED PARTY TRANSACTIONS BEFORE THE AUDIT COMMITTEE AND THE BOARD OF DIRECTORSFOR DECISION

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The Company has set up internal procedures for capturing proposed related party transactions from the data available with the Company and on getting the information on such transactions the same is brought to the notice of management for initiating due process for approval of the same by the Audit Committee and/or as the case may be, by the Board of Directors or by the Members/shareholders of the Company.



## MECHANISM FOR APPROVAL AND MONITORING OF RELATED PARTY TRANSACTIONS AND ROLE OF AUDIT COMMITTEE AND BOARD OF DIRECTORS:

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- The Audit Committee/Board of Directors (wherever applicable) , while approving related party transactions(which shall also include Omnibus approval for related party transactions), will follow the process as prescribed under Regulation 23 and applicable provisions of the Act, However, omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
- The Audit Committee shall review, atleast on quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given.
- The Board, as and when it shall deem fit and expedient, shall take an objective evaluation of the reviews made by Audit Committee of any related party transaction consistent with the objectives and principles of Regulation 23 and applicable provisions of the Act
- The Audit Committee may recommend any modifications required in the policy.

## INFORMATION AND RECORDS:

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To review a Related Party Transaction, the Audit Committee shall be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters. The Audit Committee may ask for the further information for reviewing the same.

This Policy has been communicated to all operational employees and other concerned persons of the Company. The policy is also being displayed on the website of PRAJ i.e. [www.praj.net](http://www.praj.net).

Any amendment(s) in Regulation 23 and the Act, , shall ipso facto apply to this policy without requiring to be approved by the Board of Directors. Any such changes shall be communicated to the Audit Committee and the Board of Directors for effectively implementing this policy.

**Date: 29.01.2016**

**Pramod Chaudhari**  
**Executive Chairman**