

RELATED PARTY TRANSACTION POLICY OF PSL LIMITED

(1) PREAMBLE

The Company is committed to upholding the highest ethical and legal conduct in fulfilling its responsibilities towards best practices in Corporate Governance. It further recognizes that related party transactions can present potential or actual conflicts of interest of the Directors, Senior Management etc. with the interest of the Company.

The Company specifically ensures that certain Related Party Transactions are managed and disclosed in accordance with the strict legal and accounting requirements to which the Company is subject.

(2) INTRODUCTION

In order to ensure the transparency and procedural fairness of Related Party Transactions (RPT) the Board of Directors (the "Board") of PSL Limited (the "Company"), adopts the following policy and procedures with regard to such transactions as defined below, in compliance with the requirements of Section 188 of the Companies Act, 2013 and Rules made thereunder and any subsequent amendments thereto (the "Act") and Listing Agreement with the Stock Exchanges.

(3) APPLICABILITY AND EFFECTIVE DATE

This policy will be applicable to the Company with effect from 15th May 2015 to regulate transactions between the Company and its related parties based on the applicable laws and regulations.

(4) OBJECTIVE

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time.

The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

(5) DEFINITION

(i) "Accounting Standards" means the standards of accounting or any addendum thereto for companies or class of companies referred to in Section 133 of the Companies Act, 2013.

(ii) "Act" means the Companies Act, 2013 and rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.

(iii) "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. The provisions of Transfer Pricing under Income Tax Act, 1961 will determine the basis of "Arm Length" in this term.



(iv) **"Associate Company"** means any other Company, in which the Company has a significant influence, but which is not a subsidiary Company of the Company having such influence and includes a joint venture Company.

Explanation- For the purposes of this clause, "significant influence" means control of at least twenty per cent of total share capital, or of business decisions under an agreement;

"Total share capital means aggregate of the :-

- (a) paid-up equity share capital; and
- (b) convertible share capital;

(v) **"Audit Committee or Committee"** means the Committee of the Board constituted from time to time under the provisions of Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013.

(vi) **"Board"** means the Board of Directors of the Company.

(vii) **"Company"** means PSL Limited.

(viii) **"Control"** means control as defined in Section 2 (27) of the Companies Act, 2013 and shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

As per section 2(17) of the Companies Act, 2013 "Control" 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 or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.


Provided that a director or officer of the company shall not be deemed to be in control over such company, merely by virtue of holding such position;

(ix) **"Key Managerial Personnel"** means Key Managerial Personnel as defined under the Companies Act, 2013 and the Rules made thereunder.

(x) **"Material Related Party Transaction"** means a Related Party Transaction which individually or taken together with previous transactions during the financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such limits as may be prescribed either in the Companies Act, 2013 and rules framed thereunder or the Listing Agreement, whichever is stricter, from time to time.

(xi) **"Office or place of profit"** means "Office or place of profit" as defined under Section 188(1) of the Companies Act, 2013 and the Rules made thereunder.

As per Section 188(1) of the Companies Act, 2013 "Office or place of profit" means any office or place -



- (i) where such office or place is held by a director, if the director holding it receives from the Company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
- (ii) where such office or place is held by an individual other than a director or by any firm, private Company or other body corporate, if the individual, firm, private Company or body corporate holding it receives from the Company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.

(xii) **"Policy"** means Related Party Transaction Policy of the Company.

(xiii) **"Related Party"** means related party as defined under the Companies Act, 2013 read with Clause 49 of the Listing Agreement and as amended from time to time.

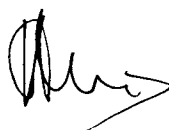
"Related Party" means a person or an entity;

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

As per section 2(76) of the Companies Act, 2013 **"Related party"** with reference to a Company, means –

- (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) any body 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 on 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) a director and key managerial personnel of the holding Company or his relative with reference to a Company, shall be deemed to be a related party and such other person as may be prescribed by Central government;

(xiv) As per Clause 49 of Listing Agreement "Related Party Transaction" means any transaction in the nature of contract involving transfer of resources, services or obligations, between the Company and a Related Party, regardless of whether a price is charged.

As per Section 188 of the Companies Act, 2013, "Related Party Transaction" means contract or arrangement with a related party with respect to -

- 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 the 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;

"Collectively the Related Party Transaction shall constitute the above."

As per Accounting Standards 18 following transactions are covered in addition to above as Related Party Transactions :-

- (i) transfer of research and development;
- (ii) license agreements;
- (iii) finance (including loans and equity contributions in cash or kind);
- (iv) Guarantees and collaterals; and
- (v) Management contracts including for deputation of employees.

(xv) "Relative" means relative as defined under the Companies Act, 2013 and the Rules made thereunder.

As per section 2(77) of the Companies Act, 2013 and rule made thereunder "Relative" with reference to any person, means any one who is related to another, if -



- (i) they are members of a Hindu Undivided Family;
- (ii) they are husband and wife; or
- (iii) one person is related to another person in the following manner
 - a. Father (including step-father);
 - b. Mother (including step-mother);
 - c. Son (including step-son);
 - d. Son's wife;
 - e. Daughter;
 - f. Daughter's husband;
 - g. Brother (including step-brother); or
 - h. Sister (including step-sister).

(xvi) "Transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract.

(6) POLICY

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

(6.1) IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

Each director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

(6.2) PROHIBITIONS RELATED TO RELATED PARTY TRANSACTIONS

All Related Party Transactions shall require prior approval of the Audit Committee. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the following conditions:

- a) The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.
- b) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;



c) Such omnibus approval shall specify

(i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into,

(ii) the indicative base price/current contracted price and the formula for variation in the price if any and

(iii) such other conditions as the Audit Committee may deem fit;

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.

d) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

(6.3) APPROVAL OF THE SHAREHOLDERS OF THE COMPANY

All Material Related Party Transactions shall require approval of the shareholders through Special Resolution and all entities falling under the definition of Related Parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

Further Clause 49(VII)(E) of Listing Agreement provides that the requirement for seeking shareholders' approval shall not be applicable to the transactions between PSL Limited and its wholly owned subsidiary/ies whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

In addition to above, all kinds of 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 are to be placed before the shareholders for its approval.

Transactions that, require previous approval of Shareholders of the Company, as prescribed under Rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014, includes the transactions/contracts/arrangements as follows :

i) Sale, purchase or supply of any goods or materials, directly or through appointment of agent, exceeding 10% of the turnover of the company or Rs. 100 crore, whichever is lower, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188 of Companies Act, 2013;

ii) Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, exceeding 10% of net worth of the company or Rs. 100 crore, whichever is lower, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188 of Companies Act, 2013;

iii) Leasing of property of any kind exceeding ten per cent of the net worth of the Company or 10% of turnover of the company or Rs. 100 crore, whichever is lower, as mentioned in clause (c) of sub-section (1) of section 188 of Companies Act, 2013;



iv) Availing or rendering of any services, directly or through appointment of agent, exceeding 10% of the turnover of the company or Rs. 50 crore, whichever is lower, as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188 of Companies Act, 2013.

These limits shall however, apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

(6.4) REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

Related Party Transactions will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Committee who has a potential interest in any Related Party Transaction will recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.

To review a Related Party Transaction, the Committee will 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. In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- Whether the terms of the Related Party Transaction are fair and on arms length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- Whether the Related Party Transaction would affect the independence of an independent director;
- Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;

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

Audit Committee shall review, atleast on a quarterly basis, the details of Related Party Transactions entered into by the company pursuant to each of the omnibus approval given.

(7) RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a Related Party 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.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

(8) DISCLOSURES

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

(i) Details of all material transactions with related parties are to be disclosed quarterly along with the compliance report on corporate governance pursuant to the requirements of Clause 49 of the Listing Agreement.

(ii) The Company shall disclose the contract or arrangements entered into with the Related Party in the Board's Report to the shareholders alongwith the justification for entering into such contract or arrangement.

(iii) The Company shall disclose this policy relating to Related Party Transactions on its website and a web link shall be provided in the Annual Report.

(iv) The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any related party in the prescribed form.

(9) RATIFICATION

(i) Any Related Party Transaction entered into without obtaining the prior approval of the Audit/ Board/ Shareholders(respective authority/ies) may be ratified, subject to the applicable provisions of the Companies Act, 2013 and the Listing Agreement, if post review of the said transaction / contract, the appropriate authority is satisfied, that the said Related Party Transaction is not detrimental to the interest of the Company, however, the appropriate authority may also ratify such transaction or contracts, with or without the modification(s).

(ii) Where any contract or arrangement is entered into, without obtaining the consent of the Audit Committee, Board or approval by a Special Resolution in the General Meeting and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contractor arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board.

(iii) If the appropriate authority decides, not to approve a particular transaction, it may require the Related Party to reimburse the benefits which might have accrued to it and/ or indemnify the Company with regard to the subject Related Party Transaction which is not approved by the appropriate authority.



- (iv) However the Related Party transaction which are entered into without the approval of the appropriate authority and subsequently not ratified by the appropriate authority, the applicable provisions of the Companies Act, 2013 and Listing Agreement, shall apply.

(10) AMENDMENT TO THE POLICY

The Board of Directors on its own and/or as per the recommendations of Audit Committee can amend this Policy in whole or in part, as and when deemed fit. Any or all provisions of this Policy would be subject to revision/amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

Note:

The provisions of the Companies Act, 2013 and rules thereto and the Listing Agreement (including any amendment thereto from time to time) to the extent applicable, shall be apply in addition to this policy.

This Policy will be communicated to all operational employees and other concerned persons of the Company and shall be placed on the website of the company at www.psllimited.com.

Ashok Kumar
13/5/15