

POLICY ON RELATED PARTY TRANSACTIONS

1. INTRODUCTION

The Board of Directors (the “Board”) of Pioneer Agro Extract Ltd (the “Company”) has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Audit Committee will review and may amend this policy from time to time.

This policy will be applicable to the Company. This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable to the Company and also provides for materiality of related party transactions.

2. PURPOSE

This policy is framed based on Listing Agreement entered by the Company with the Stock Exchanges and primarily intended to ensure the governance and reporting of transactions between the Company and its Related Parties.

3. DEFINITIONS

“Audit Committee or Committee” means “Audit Committee” constituted by the Board of Directors of the Company under provisions of Listing agreement and Companies Act, 2013, from time to time.

“Board of Director” or **“Board”** means the Board of Directors of Pioneer Agro Extracts Ltd Limited, as constituted from time to time.

“Key Managerial Personnel” or **“Key Management Personnel”** means Key Managerial Personnel as defined under the Companies Act, 2013 and the Rules made there under.

“Policy” means Related Party Transaction Policy.

“Related Party” means a person or entity that is related to the Company. Parties are related if one party has the ability to control the other party or exercise significant influence over the other party directly or indirectly in making the financial and/or operating decisions and includes:

1. A person or a close member of that person’s family is related to a company if that person is

- (a) a related party under Section 2(76) of the Companies Act, 2013 which are as follows; or
- (b) has joint control or significant influence over the Company;

- 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 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. Such other persons as may be prescribed – Director or Key Managerial Personnel of the holding company or his relative, shall be deemed to be related party.

The term close person shall mean the relatives of the person as defined hereinafter.

2. An entity is related to a company if any of the following conditions applies:

a) The entity is a related party under Section 2(76) of the Companies Act, 2013; or

b) 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); or

c) 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

d) Both entities are joint ventures of the same third party; or

e) One entity is a joint venture of a third entity and the other entity is an associate of the third entity; or

f) The entity is for a post-employment benefit Plan, for the benefit of employees of the company or an entity related to the company. If the company is itself for such a Plan, the sponsoring Employers are also related to the company; or

g) The entity is controlled or jointly controlled by a person identified in (1).

A person identified in (1)(b) has significant influence over the entity (or of a parent of the entity).

3. The term Associate Company and Significant influence shall be as defined under the Companies Act, 2013.

4. The term Joint Venture shall mean only jointly controlled entities.

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

"Related Party Transaction" means transaction in the nature of contract involving transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

"Relatives": "Relative", with reference to any person, means anyone 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 the other in such manner as may be prescribed, which is as follows:

(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)

(h) Sister (including step-sister)

4. POLICY

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

4.1. Identification of Potential Related Party Transactions

Each director and Key Managerial Personnel is responsible for providing Notice to the Company Secretary of any potential Related Party Transaction involving him/her or his or her relative, including any additional information about the transaction that the Board/Audit Committee may request, for being placed before the Audit Committee and the Board. The Board shall record the disclosure of Interest and the 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 has adequate time to obtain and review information about the proposed transaction.

4.2. Review and Approval of Related Party Transactions

Every Related Party Transactions shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolutions by circulation. Any member of the Committee who has a potential interest in any Related Party Transaction will 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. The information provided shall specifically cover the following:

- i. the name of the related party and nature of relationship;
- ii. the nature, duration of the contract and particulars of the contract or arrangement;
- iii. the material terms of the contract or arrangement including the value, if any;
- iv. any advance paid or received for the contract or arrangement, if any;
- v. the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;

- vi. Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors;
- vii. the persons/authority approving the transaction; and
- viii. any other information relevant or important for the Committee to take a decision on the proposed transaction.

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:

- i. Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- ii. Whether there are any undue compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- iii. Whether the Related Party Transaction would affect the independence of the directors/KMP;
- iv. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- v. Where the ratification of the Related Party Transaction is allowed by law and is sought from the Committee, the reason for not obtaining the prior approval of the Committee and the relevance of business urgency and whether subsequent ratification would be detrimental to the Company; and
- vi. Whether the Related Party transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, Executive Officer or other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.

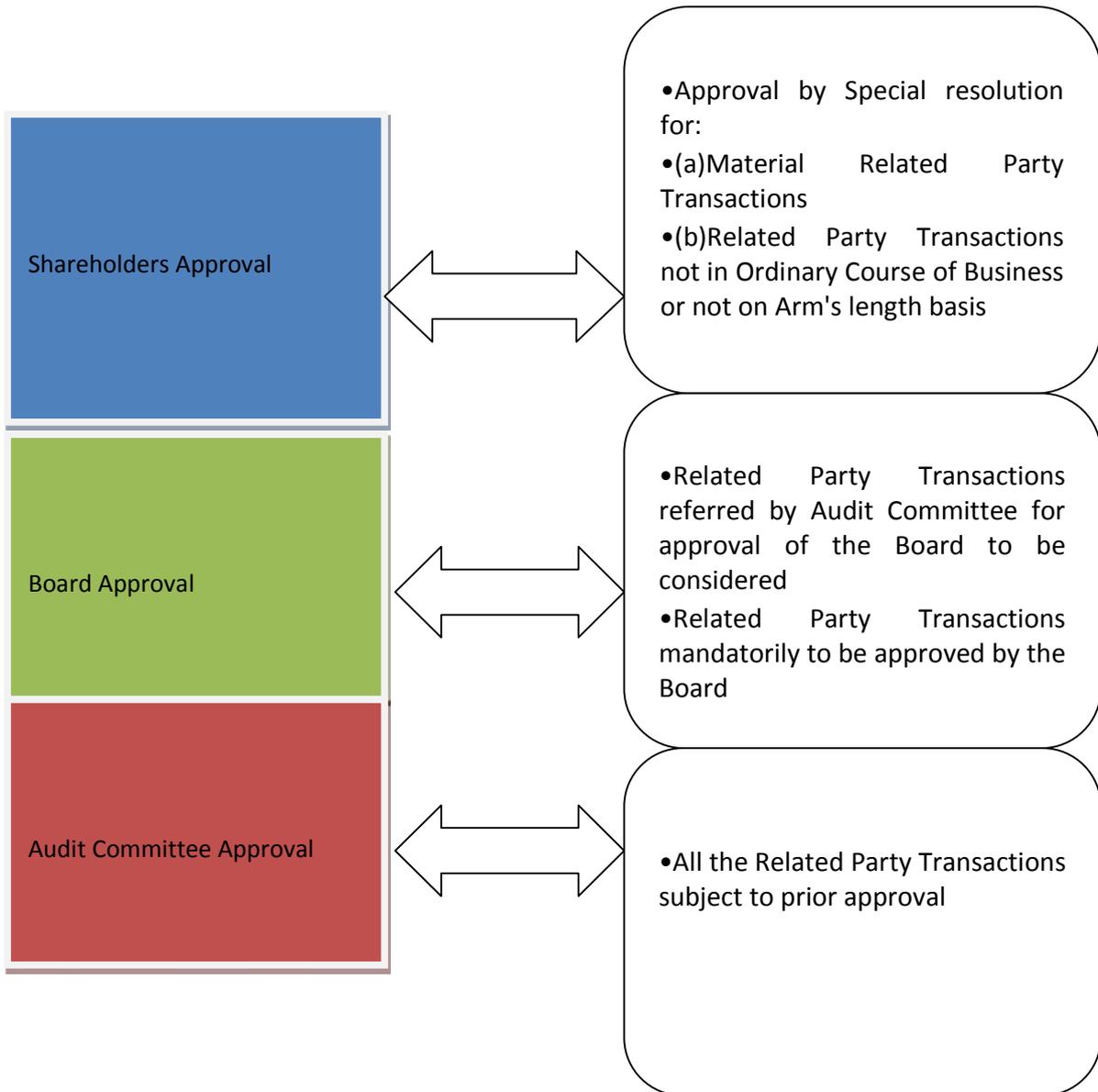
If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party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

All the Material Related Party Transactions shall require approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolution.

All the Transactions, other than the Material Related Party Transaction, with the related parties which are not in the Ordinary Course of Business and at Arms' Length Basis shall also

require the approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolution.

Policy Framework



4.3. Decision regarding transaction in ordinary course of business and on arm's length basis

The Audit Committee or the Board shall, in respect of the related party transactions referred to them for approval, shall after considering the materials placed before them, shall judge if the transaction is the ordinary course of business or at arm's length basis. In case the Audit Committee is not able to arrive at such a decision, the same shall be referred to the Board, which shall decide if the transaction is the ordinary course of business or at arm's length basis. In case the Board is not able to arrive at such a decision, the same shall be decided by the Independent Directors, whose decision shall be final.

4.4. Material Related Party Transaction

A transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds five percent of the annual turnover or twenty percent of the net worth of the company as per the last audited financial statements of the company, whichever is higher.

5. 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 shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the 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 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, 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 of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of 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.pioneeragro.co.in

Disclosures

1. Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance as per prescribed format in Annexure-XI of the Listing Agreement.
2. The company shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report.