

PHF LEASING LIMITED

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POLICY ON RELATED PARTY TRANSACTIONS

1. PREFACE

PHF Leasing Limited has always been committed to Good governance practices. Company recognizes that Related Party Transactions can present potential or actual conflict of interest and may raise questions about whether such transactions are consistent with the

Company's and its stakeholder's best interest. Therefore this policy on related party transactions has been adopted by the Company's Board of Directors.

The Board of Directors has adopted this Policy upon recommendation of the **Audit Committee**. The said Policy includes materiality thresholds and the manner of dealing with Related Party Transactions ("the Policy") in compliance with the requirements of Section 188 of the Companies Act, 2013 and Rules thereunder and Regulation 23(1) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. Amendments, from time to time, to the Policy, if any, shall be considered by the Board of Directors based on the recommendations of the Audit Committee.

This Policy applies to transactions between the Company and one or more of its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders.

2. OBJECTIVE

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandates formulation of a policy on materiality of Related Party Transactions and also on dealings with Related Party Transactions. This Policy has been framed for complying with this requirement.

3. DEFINITIONS

- “Act “means Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or reenactments thereof.

- “Arm’s Length basis” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. For determining Arm’s Length basis, guidance may be taken from the transfer pricing provisions under the Income tax Act, 1961.

- “Audit Committee” means committee of Board of Directors of the Company.

- “Board of Directors” or “Board” means the Board of Directors of the Company.

- “Company” means PHF Leasing Limited.

- “Key Managerial Personnel” means the Key Managerial Personnel as defined in sub-section (51) of Section 2 of Company Act, 2013 i.e.

—key managerial personell, in relation to a company, means—
 - (i) the Chief Executive Officer or the managing director or the manager;
 - (ii) the company secretary;
 - (iii) the whole-time director;
 - (iv) the Chief Financial Officer; and
 - (v) such other officer as may be prescribed;

- “SEBI (LODR) Regulations” means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- “Material Related Party Transaction” means a Related Party Transaction which 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.

- “Policy” means the current Policy on Related Party Transactions, including amendments, if any, from time to time

- “Related Party” means a related party as defined under Section 2(76) the Companies Act, 2013 read with Regulation 2(zb) of the SEBI (LODR) Regulations, 2015 and as amended from time to time.

Definition of Related party as per Companies act, 2013 (Section 2(76))

—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) such other person as may be prescribed;
- “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
- "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract
- “Relative” means a relative as defined under the Companies Act, 2013 (Section 2(77))
 - “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 the other in such manner as may be prescribed;
- “Transaction” with a Related Party shall be construed to include single transaction or a group of transactions in a contract.

4. POLICY

- All Related Party Transactions must be placed before the Audit Committee for its approval.
- PHF Group Companies: All fellow sister concerns of PHF Leasing Limited shall be considered as a Related Parties.
- Each Director and Key Managerial Personnel shall at the beginning of financial year disclose to the Company Secretary of the Company their Related Parties and disclose any changes thereto during the financial year as immediately as practicable. The Company shall also identify Related Party Transactions, if any, with Directors or Key Managerial Personnel of the holding Company/ies or their relatives.
- The Company will identify the potential transactions with the Related Parties.
- 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 prior omnibus approval for Related Party Transactions which are repetitive in nature and are in the ordinary course of business and satisfy the Arm's Length basis, Subject to the compliance contained in SEBI(LODR)Regulations, 2015.
- Any member of the Audit Committee who has a potential conflict of interest in any Related Party Transaction will not remain present at the meeting or shall abstain from discussion and voting on the approval of such Related Party Transaction and shall not be counted in determining the presence of quorum when such Transaction is considered
- To review a Related Party Transaction, the Audit Committee shall be provided with necessary information, to the extent relevant, with respect to actual or potential Related Party Transactions and/or prescribed under the Act and SEBI (LODR) Regulations, 2015.
- While considering any Related Party Transaction, the Audit Committee shall take into account all relevant facts and circumstances, including the terms and business purpose of such Transaction, the benefits to the Company and to the Related Party, whether such Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction and any other relevant matters.

5. Board of Directors:

- If the Audit 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 which shall be subject to review and approval by the Board of Directors, with such modifications as may be necessary or appropriate under the circumstances.

- Any member of the Board who has a potential conflict of interest in any Related Party Transaction will not remain present at the meeting or shall abstain from discussion and voting on the approval of such Related Party Transaction and shall not be counted in determining the presence of quorum when such Transaction is considered.

6. Shareholder's Approval on Material Related Party Transactions

- 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 resolutions.
- 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 Party/ies with whom transaction is to be entered into shall abstain from voting on such resolution.

7. Transactions Not Approved

- In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Audit Committee or Board of Directors or the Shareholders as may be required in accordance with this Policy for review and ratification.
- The Audit Committee or the Board of Directors or the Shareholders shall consider all relevant facts and circumstances of such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision or termination of such transaction and the Company shall take such actions as the Audit Committee deems appropriate under the circumstances.

8. Disclosure

- Details of any Material Related Party Transactions shall be disclosed to the stock exchange quarterly along with the compliance report on corporate governance. The Company shall disclose the Policy on its website and weblink shall be provided in the Annual Report.

9. Amendment in Law

- Any subsequent amendment/ modification in SEBI (LODR) Regulations, 2015 and/or applicable laws in this regard shall automatically apply to this Policy.
