

POLICY ON RELATED PARTY TRANSACTIONS

APPROVED BY THE BOARD OF DIRECTORS ON NOVEMBER 09, 2015

1. Introduction

- i. The Board of Directors (the "Board") of the Company has adopted the following policy and procedures with regard to Related Party Transactions.
- ii. The Audit Committee will review and amend this policy from time to time. This policy is to govern transactions between the Company and its Related Parties based on the laws and regulations that are applicable to the Company.
- iii. This policy is framed pursuant to Clause 49 of the Listing Agreement entered by the Company with the Stock Exchanges and intended to ensure the proper approval and reporting of related party transactions.

2. Definitions

- i. "Act" shall mean the Companies Act, 2013 and includes any amendment thereof.
- ii. All capitalized terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and the Rules thereunder and the Listing Agreement, as amended from time to time.

3. Identification of Related Party Transactions

- i. Every Director and Key Managerial Personnel shall provide a declaration containing the necessary details of related parties and relatives to the Company Secretary upon their appointment and on an annual basis. Also, provide declarations if there has been a change in the details from the last declaration made under this policy.
- ii. The potential related party transactions are identified in advance for initiating the process to obtain the necessary approvals of the Audit Committee/Board/Shareholders.

4. Review and Approval of Related Party Transactions

Approval of related party transactions

A. Audit Committee

- i. All the transactions which are identified as related party transactions should be pre-approved by the Audit Committee before entering into such transaction. The Audit Committee shall consider all relevant factors while deliberating the related party transactions for its approval.
- ii. Any member of the Committee who has a potential interest in any related party transaction will rescue himself and abstain from discussion and voting on the approval of the related party transaction.
- iii. A related party transaction which is (i) not in the ordinary course of business, or (ii) not at arm's length price, would require approval of the Board of Directors or of shareholders as discussed subsequently.
- iv. The Audit Committee may grant omnibus approval for related party transactions which are repetitive in nature and subject to such criteria/conditions as mentioned under clause 49. Such

omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

- v. Audit Committee shall review, on a quarterly basis, the details of related party transactions entered into by the Company pursuant to the omnibus approval.
- vi. A related party transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Committee, will be placed before the Committee for ratification.

B. Board of Directors

- i. Approval of Board of Directors to be taken for entering into Related Party Transactions which are not in the ordinary course of business or not on arm's length basis.
- ii. Any member of the Board who has any interest in any related party transaction will not be present at the meeting during discussions and abstain from voting on the approval of the related party transaction.

C. Shareholders

- i. Approval of shareholders to be taken for entering into Material Related Party Transactions and also for all Related Party Transactions which are either not on arm's length basis or are not in the ordinary course of business, through a special resolution and the Related Parties shall abstain from voting on such resolutions.

D. Reporting and Disclosure


- i. Every contract or arrangement, which is required to be approved by the Audit Committee/Board/shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement
- ii. The policy shall be disclosed on the company's website (www.pebspennar.com) and a web link thereto shall be provided in the Annual Report of the Company.

5. Limitation and Amendment

- i. In the event of any conflict between the provisions of this Policy and of the Act or Listing Agreement or any other statutory enactments, rules, the provisions of such Act or Listing Agreement or statutory enactments, rules shall prevail over this Policy.
- ii. Any subsequent amendment / modification in the Listing Agreement, Act and/or applicable laws in this regard shall automatically apply to this Policy.

For and on behalf of the Board of Directors




P V Rao
Managing Director
DIN : 03157581

Place: Hyderabad
Date: November 09, 2015