



AJM GROUP

Report – Anti-Competitive & Restrictive Trade Practices

What are Restrictive Trade Practices?

Anti-competitive or restrictive trade practices refer to the use of various deceptive, fraudulent, or unethical methods to obtain business. In a world of cut-throat competition, every seller on the market aims to surpass competitors and maximise their profits. This sometimes results in unfair business practices. The Indian government has instituted strict laws to prevent the presence of monopolies and practices that prevent free and fair competition in the market.

These laws include the **Monopolies and Restrictive Trade Practices Act (1969)**, meant to safeguard and protect businesses and encourage fair competition and the **Consumer Protection Act (1986)**, which protects consumers from being deceived by poorly manufactured, overpriced or falsely advertised goods and services.

Examples

Unfair business practices can include the horizontal fixing of prices, resale price maintenance, exclusive dealing and tie-ups that restrict competition.

Here are some more detailed examples of what anti-competitive and restrictive trade practices might look like:

- **Price Fixing:** A contract or arrangement with a competitor that fixes, controls or maintains prices or discount levels in relation to goods and services.



- **Third Line Forcing:** Requiring a customer to acquire goods or services from another person as a condition of your supply – and refusing to supply, if they do not consent.
- **Resale Price Maintenance:** When a supplier sets a minimum price below which resellers cannot not sell goods.
- **Anti-Competitive Contracts:** Making general anticompetitive contracts or arrangements to substantially lessen competition in a market.
- **Exclusive Dealings:** Making deals that allow for product exclusivity or arrangements that allow a business monopoly over a certain customer base or territory, substantially lessening competition in the relevant market.
- **Misuse of Market Power:** when an entity that has a substantial degree of market power takes advantage of that power to eliminate or damage a competitor or prevent a business from entering a market.

Corporate Pledge

We shall promote free and fair competition, and shall not engage in anti-competitive or restrictive trade practices.

Employee Adherence

All employees are required to operate fairly in any business dealings on behalf of the AJM Group and must not engage in anti-competitive or restrictive trade practices at any cost.

Violations of business practices governed by law is a serious matter and could jeopardize the integrity and functioning of the AJM Group. It may also result in compensatory or punitive damages and can incur a high cost to the company.

As such, any employee found committing such acts will be dealt with in an appropriate manner, which could include termination of contract and possible legal action.



Reporting Violations

If any employee is aware of such practices or has been approached to indulge in the same, you are required to report this immediately to a member of the Ethics Committee or alternatively, your direct reporting manager.

Assessing Anti-Competitive or Restrictive Trade Practices

In order to understand whether you are being asked to participate in an anti-competitive or unfair practice, here are some helpful questions to guide you. Please note this is not an exhaustive list of instances.

- Has anyone approached you to sell your product exclusively to their company in exchange for a higher profit margin?
- Have you insisted clients who work with you also work with a specific vendor you prefer? (And refuse to work with them if they do not agree)
- Have you ever fixed the price of a product marketed by the AJM Group at a rate that would prevent other companies from selling their product?
- Have you knowingly or unknowingly witnessed or signed your name to any agreements or contracts you believe were unfair?
- Have you ever tampered with financial records to prevent competitors bids from being considered?

AJM Group Business Ethics Policy: Section Related to Restrictive Trade Practices

We will comply with all applicable laws and regulations promoting free and fair competition in the markets in which we operate. We will not participate in cartelization or engage with our competitors or other business partners in ways that restrict competition or influence the market. Further, we will maintain financial records that are honest and fair as per national standards.



Key Takeaways

Unfair trade practices refer to businesses using deceptive, fraudulent, or unethical methods to gain an advantage or turn a profit.

Preventing access to free and fair competition is against the law and will result in serious consequences for you and your company.

You may be prosecuted even if you unknowingly participated in restrictive or unfair trade practices – so stay vigilant!

