

(VINAYAK POLYCON INTERNATIONAL LIMITED)

(CIN: L25209RJ2009PLC030620)

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RELATED PARTY TRANSACTIONS POLICY (RPT)

I. Introduction:

The Board of Directors (the “Board”) of “Vinayak Polycon International Limited” (the “Company”) has approved this policy on materiality of related party transactions and on dealing with related party transactions in terms of Section 188 of Companies Act, 2013.

II. Purpose:

This policy is intended to ensure the proper approval and reporting of transactions between the Company and Related Parties as per requirement /compliance of Section 188 of the Companies Act, 2013 read with respective Rules thereunder.

III. Objective and Scope:

- This policy shall be called “VPIL RPT Policy” as envisaged under Section 188 of the Companies Act, 2013 read with Rules framed there under.

- It outlines the Company’s philosophy and responsibility as a good and responsible corporate of India and lays down the procedure to have optimum compliance and Governance of the related party transactions of the Company.

- This policy shall apply to all segments of the Company to ensure better initiatives for governance in the free and fair transactions of the Company.

IV. Definitions:

A. “Related Party”

As per the Section 2(76) of the Companies Act, 2013 read with Rule 3 of the Companies (Specification of definition details) Rules, 2014: ‘Related party’, with reference to the 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 or his relative is a member or director;
- V. a public company in which a director or manager is a director and 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

- VIII. Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
- IX. any body corporate which is:
 - 1. a holding, subsidiary or an associate company of such Company;
 - 2. a subsidiary of a holding Company to which it is also a subsidiary; or
 - 3. an investing Company or the venture of a Company
- X. a director other than independent director or key managerial personnel of the holding Company or his relative with reference to a Company, shall be deemed to be a related party;

B. “Related Party Transaction”:

As per Section 188 (1) Companies Act, 2013, Related Party Transactions includes any 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 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; and
- g. underwriting the subscription of any securities or derivatives thereof, of the Company.

C. Material Related Party Transaction:

A transaction with a related party shall be considered material if the transaction(s) to be entered into 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 of the Company.

Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed two percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

D. “Relative”:

As per the Section 2(77) of the Companies Act, 2013 read with Rule 4 of the Companies (Specification of definitions details) Rules, 2014:

‘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 or wife; or
- III. A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:
 - (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

V. Related Party Transaction Approval Matrix

No transaction with a related party shall be entered into by the Company unless it is approved by the appropriate authority. The table below sets out the approval matrix applicable to such transactions:

Nature of Transactions	Approving Authority	Rationale
All Transactions with Wholly owned Subsidiary Company in ordinary course of business or/and at arm's length price	Audit Committee The Audit Committee may make Omnibus approval.	Section 177 (4) (iv) of the Companies Act, 2013 read with Rule 6A of the Companies (Meeting of Board and its Powers) Rules, 2014.
All Transactions with Wholly owned Subsidiary Company not in ordinary course of business or/and not at arm's length price	Audit Committee and Board of Directors.	Section 177(4) (iv) and Section 188(1) of the Companies Act, 2013.
All transactions entered into between the Company and related party (other than wholly owned subsidiary company) in ordinary course of business or/and at arm's length price	Audit Committee. The Audit Committee may make Omnibus approval.	Section 177 (4) (iv) of Companies Act, 2013 read with Rule 6A of the Companies (Meeting of Board and its Powers) Rules, 2014.
All transactions entered into between the Company and related party (other than wholly owned subsidiary company) not in ordinary course of business or/and not at arm's length price.	Audit Committee and Board of Directors If value of transaction exceeds the specified Limit, prior approval of the Shareholders by a Resolution in General Meeting would be required.	Section 177(4)(iv) and Section 188(1) of the Companies Act, 2013. Rule 15(3) of the (Meeting of Board and its Powers) Rules, 2014.

VI. Review and approval of Related Party Transactions

(A) Audit Committee

[Pursuant to Section 177 (4) (iv) of Companies Act, 2013 read with Rule 6A of the Companies (Meeting of Board and its Powers) Rules, 2014]

- a. All Related Party Transactions shall require approval of the Audit Committee.
- b. The Audit Committee may grant/make omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the following conditions, namely:
 - i. The Audit Committee shall, after obtaining approval of the Board of Directors, lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the company. which shall include the following, namely:
 - maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;
 - the maximum value per transaction which can be allowed;
 - extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
 - review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each of the omnibus approval made;
 - transactions which cannot be subject to the omnibus approval by the Audit Committee.
 - ii. The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely: -
 - repetitiveness of the transactions (in past or in future);
 - justification for the need of omnibus approval.
 - iii. The Audit Committee shall satisfy itself on the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the company;
 - iv. Such omnibus approval shall specify:
 - the name of the related party,
 - nature and duration of transaction,
 - maximum amount of transaction that can be entered into,
 - any other information relevant or important for the Audit Committee to take a decision on the proposed transaction
 - Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may make omnibus approval for such transactions subject to their value not exceeding Rs.10 crore per transaction.
 - v. Omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.
 - vi. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.
 - vii. The Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given

Provided further that in case of transaction, other than transactions referred to in section 188, and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board.

Provided also that in case any transaction involving any amount not exceeding ten crore rupees is entered into by a director or officer of the company without obtaining the approval of the Audit

Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee and if the transaction is with the related party to any director or is authorised by any other director, the director concerned shall indemnify the company against any loss incurred by it.

Provided also that the provisions of this clause shall not apply to a transaction, other than a transaction referred to in section 188, between a holding company and its wholly owned subsidiary company.

(B) All material related party transactions shall require approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Provided that the requirements specified under this sub-regulation shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

(C) Board of Directors

[As per Section 188 of the Companies Act, 2013 read with rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014]

The Company will not enter into any contact or arrangement with a related party with respect to the transactions as defined in Clause IV (B) of this Policy without the consent of the Board of Directors given by way of resolution at a meeting of the Board of Directors.

(D) Shareholders

For the purpose of First Proviso to sub-section (1) of Section 188 of Companies Act, 2013, except with the prior approval of the Company by a resolution, a Company shall not enter into transaction or transactions, where the transaction or transactions to be entered into:

- a. as contracts or arrangements with respect to clauses (a) to (e) of section 188(1) with criteria, as mentioned below –
 - i. sale, purchase or supply of any goods or material, directly or through appointment of agent, amounting to ten percent or more] of the turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;
 - ii. selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to ten percent or more of net worth of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;
 - iii. leasing of property any kind [amounting to ten percent or more] of the net worth of company or [ten per cent or more of turnover] of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (c) of sub-section (1) of section 188;
 - iv. availing or rendering of any services, directly or through appointment of agent, amounting to ten percent or more] of the turnover of the company or rupees fifty

crore, whichever is lower as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188;

Explanation: It is hereby clarified that the limits specified in sub-clause (i) to (iv) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

- b. is for appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and a half lakh rupees as mentioned in clause (f) of sub-section (1) of section 188.
- c. is for remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding one per cent of the net worth as mentioned in clause (g) of sub-section (1) of section 188.

Explanation:

- The Turnover or Net Worth referred in the above sub-rules shall be computed on the basis of the Audited Financial Statement of the preceding Financial year.
- the expression “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;
- In terms of proviso 3 to section 188(1), nothing contained in section 188(1), shall apply to any transactions entered into by the Company in its ordinary course of business other than the transactions which are not on an arm’s length basis.
- The expression “arm’s length transaction” means a transaction between two related parties that is conducted as if they are unrelated so that there is no conflict of interest.
- In terms of proviso 4 of Section 188(1), the requirement of passing the resolution under first proviso shall not be applicable for the transactions entered into between a holding Company and its wholly owned subsidiary whose accounts are consolidated with such holding Company and placed before the shareholders at the general meeting for approval.

VII. DISCLOSURE

The Company shall disclose this policy on its website and a web link thereto shall be provided in the Annual Report.