

**(VINAYAK POLYCON INTERNATIONAL LIMITED)**

(CIN: L25209RJ2009PLC030620)

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## **RELATED PARTY TRANSACTIONS (RPT) POLICY**

The Board of Directors (the “Board”) of Vinayak Polycon International Limited (the “Company” or “VPIL”), acting upon the recommendation of its Directors and Audit Committee (the “Committee”), has adopted the following policy and procedures with regard to Related Party Transactions as defined below.

### **I. Purpose:**

This policy is intended to ensure the proper approval and reporting of transactions between the Company and Related Parties to the appropriate level to have requisite approval as per requirement /compliance of Section 188 of the Companies Act, 2013 read with respective Rules thereunder and clause 49(VII)(C) of the Listing Agreement

### **II. Objective and Scope:**

a) This policy shall be called “VPIL RPT Policy” as envisaged under Section 188 of the Companies Act, 2013 read with Rules framed there under and clause 49(VII)(C) of the Listing Agreement.

b) 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 in the related party transactions of the Company.

c) 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.

### **III. Definitions:**

#### **A. “Related Party”**

**a) As per the Section 2(76) of 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 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) a 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) As per the clause 49(VII)(B) of the Listing Agreement**

An entity shall be considered as related to the Company if :

- (i) such entity is a related party under Section 2(76) of the Companies Act, 2013 ; or
- (ii) such entity is a related party under the applicable accounting standards

#### **B. “Related Party Transaction”:**

**a) 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.
- In terms of proviso 3 to subsection 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.

**Explanation:** 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.

#### **b) As per the clause 49(VII)(A)of the Listing Agreement**

A related party transaction is a transfer of resources, services or obligations between a Company and a related party, regardless of whether a price is charged.

**Explanation:** A transaction with a related party shall be construed to include single transaction or a group of transactions in a contract.

#### **C. Material related party transaction:**

##### **As per proviso to clause 49(VII)(C) of the Listing Agreement**

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 ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

#### 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

#### IV. 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.	NA	Explanation to Clause 49(VII)(E) of Listing Agreement.
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. If value of transaction exceeds the specified Limit, prior approval of the Shareholders by a Special 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.
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. (Omnibus Approval may be granted.)  No Approval of the Board is Required.	Clause 49 (VII) (D) of Listing Agreement.

<p>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.</p>	<p>Audit Committee and Board of Directors If value of transaction exceeds the specified Limit, prior approval of the Shareholders by a Special Resolution in General Meeting would be required.</p>	<p>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</p>
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## V. Review and approval of Related Party Transactions

### i) Audit Committee

#### Clause 49(VII)(D):

#### **All Related Party Transactions shall require prior approval of the Audit Committee.**

However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the following conditions:

- a) The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature.
- b) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- c) Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price / current contracted price and the formula for variation in the price if any and (iii) such other conditions as the Audit Committee may deem fit; Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.
- d) 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.
- e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year"

Provided that the approval of Audit Committee will not be required for the transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

### ii) 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 III (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.

## Shareholders in General Meeting

1) 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 special 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 materials directly or through appointment of agents exceeding ten per cent of the turnover of the Company or Rs. 100 crores 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 agents exceeding ten percent of net worth of the Company or Rs. 100 crore whichever is lower, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;

(iii) leasing of property of any kind exceeding ten percent. of the net worth or ten percent. Of turnover of the Company or Rs. 100 core 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 agents exceeding ten percent of the turnover of the Company or Rs 50 crore whichever is lower, as mentioned in clause (d) and clause (e) of sub-section (1) of section 188;

**Explanation.**—It is hereby clarified that the limits specified in sub-clauses (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 half lakh rupees as mentioned in clause (f) of subsection(1) of section 188; or

(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.-** (1) 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.

(v) No member of the company shall vote on such special resolution, to approve any contract or arrangement which may be entered into by the company, if such member is a related party:

Explanation:

(a) 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;

## **VI. DISCLOSURE**

The Company shall disclose the policy on dealing with related party transactions on its website and a web link thereto shall be provided in the Annual Report.