

## NATIONAL PLASTIC TECHNOLOGIES LTD.

# Related Party Transaction Policy

### Preamble

The Board of Directors (the “Board”) of National Plastic Technologies Limited (the “Company”), has adopted the following policy and procedures (“Policy”) with regard to Related Party Transactions (RPTs) as defined below.

### Objective

This policy is formulated, in accordance with the requirement of Regulation 23 of the SEBI (LODR) Regulations, 2015 (including any statutory enactments/amendments thereof) entered into by the Company with the Stock Exchanges and is intended to ensure proper approval and reporting of RPTs between the Company and its Related Parties.

In addition, the Company is also required to define the materiality of RPTs. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders.

The Company is required to disclose the policy on dealing with RPTs each year in its Financial Statements as well as on its website.

### Definitions

“**Audit Committee or Committee**” means Committee of Board of Directors of the Company constituted under provisions of listing agreement and Companies Act, 2013.

“**Board**” means the Board of Directors of the Company

“**Key Managerial Personnel**” or “**KMP**” shall have the meaning referred to in the Companies Act, 2013.

“**Material Related Party Transaction**” means a transaction with a related party if the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds such limit of the annual consolidated turnover of the Company as per the last audited financial statements of the Company in terms of the Listing Agreement in force from time to time.

“**Ordinary Course of Business**” means transactions that are necessary, normal and incidental to the business, the objects of the Company permit such activity, there are a historical practice and pattern of frequency (not an isolated transaction) and has a connection with the normal business carried on by the Company.

“**Related Party**” means, an entity is:

- (i) A related party under section 2(76) of the Companies Act, 2013; or

(ii) A related party under the applicable accounting standards.

**“Related Party Transaction”** means any transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged.

**“Relative”** means relative as defined under the Companies Act, 2013

### **Identification of RPTs**

Each Director, KMP and other related party shall promptly notify the Audit Committee or the Board of any material interest that such person or relative of such person had, has or may have in a RPT, by providing notice to the Board or Audit Committee of any potential RPT involving him or her or his or her relative together with additional information about the RPT that the Board or Audit Committee reasonably request.

The Board / Audit Committee shall determine whether a transaction does, in fact, constitute a RPT requiring the compliance with this Policy;

### **Review and approval of RPTs**

All related party transactions must be reported to the Audit Committee or the Board and shall be approved/ratified by the Audit Committee or the Board.

All material Related Party Transactions which are not on arm's length basis shall require the approval of the shareholders vide a special resolution and all the related parties of the Company shall abstain from voting on such resolutions irrespective of whether they are interested in that particular material related party transaction.

The Audit Committee or the Board, in order to review a RPT, shall be provided with the following information:

1. All relevant material information of the RPT, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and would apply on the same basis if the transaction did not involve a Related Party;
2. Whether there are any compelling business reasons for the Company to enter into the RPT and the nature of alternative transactions, if any;
3. Whether the RPT would affect the independence of an Independent Director;
4. Whether the proposed RPT includes any potential reputational risk issues that may arise as a result of or in connection with the proposed RPT;
5. Whether subsequent ratification of the proposed RPT is allowed and would be detrimental to the Company; and
6. Whether the RPT would present an improper conflict of interest for any Director or KMP of the Company, taking into account the size of the transaction, the overall financial position of the Director, KMP or other Related Party, the direct or indirect nature of the Director's, KMP's or other Related Party, the direct or indirect nature of the Director's, KMP's or other Related Party interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Audit Committee deems relevant;

If the Audit Committee determines that a RPT should be brought before the Board, or if the Board, in any case, elects to review any such matter or it is mandatory under any law for Board to approve the RPT, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

All RPTs which are on arm's length basis need not be approved by the Board but shall be approved Audit Committee.

The Audit Committee shall also be entitled to grant omnibus approval ("Omnibus Approval") for a class of transactions which are repetitive in nature. The omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals from the Audit Committee after the expiry of 1 (one) year from the grant of each approval.

In the event the Company becomes aware of a RPT with a related party that has not been approved under this policy by the Audit Committee, prior to its consummation, it shall report such transaction to the Audit Committee, which may ratify the same at its discretion.

In any case, save as otherwise provided in the policy, where the Audit Committee determines not to ratify a RPT that has been commenced without its prior approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission or revision of the transaction.

### **Amendments**

This policy may be amended by the Board at any time and is subject to the (i) amendments to the Companies Act, 2013 (the Act 2013) and (ii) further guidelines from the SEBI.