

# **RAMGOPAL POLYTEX LIMITED**

## **POLICY ON RELATED PARTY TRANSACTIONS**

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### **1. INTRODUCTION:**

Sub-regulation 1 of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, requires listed entity to formulate a policy on materiality of related party transactions and on dealing with related party transactions.

The Board of Directors (the “Board”) of Ramgopal Polytex Limited (the “Company”), has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Audit Committee shall review the policy from time to time but atleast once in three years and recommend amendments to this Policy to the Board which may approve and adopt the same.

This Policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company.

### **2. POLICY OBJECTIVE:**

The objective of this Policy is to ensure proper approval and reporting of transactions between the Company and its Related Parties.

### **3. DEFINITIONS AND INTERPRETATIONS:**

“**Audit Committee**” or “**Committee**” means the committee constituted by the Board of Directors of the Company, from time to time, under the provisions of Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013, as may be amended from time to time.

“**Arm’s length**” means a transaction between two Related Parties that is conducted as if they are unrelated, so that there is no conflict of interest.

“**Board of Director**” or “**Board**” means the Board of Directors of Ramgopal Polytex Limited, as constituted from time to time.

“**Company**” means Ramgopal Polytex Limited.

“**Key Managerial Personnel**” shall have the meaning ascribed to the term under Section 2(51) the Companies Act, 2013, as may be amended from time to time.

“**Material Modification**” means any modification to an existing Related Party Transaction which results in a change of more than 30% of the then approved transaction value.

“**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 rupees one thousand crore or ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

“**Ordinary course of business**” if transactions satisfy any of the following criteria, such transactions will be generally in the ordinary course of business:

- 1) In the “Ordinary Course of Business” means all such acts and transactions undertaken by the Company, including, but not limited to sale or purchase of goods, property or services, leases, transfers, providing of guarantees or collaterals, in the normal routine in managing trade or business and is permitted by the objects clause of the Memorandum of Association of the Company. The Company should take into account the frequency of the activity and its continuity carried out in a normal organised manner for determining what is in the ordinary course of business;
- 2) There are previous instances of the Company having carried out such transaction;
- 3) These transactions are frequent over a period of time;
- 4) The transaction should be in furtherance of the business objectives of the Company;
- 5) The transactions, if not frequent, are important to the business objectives of the Company and directly related to it;
- 6) The transactions are incidental to the wholesale trading of commodities / part of standard industry practice or but for which the business would be adversely affected;

This is not exhaustive criteria and the Company should assess each transaction considering its specific type, nature, value and circumstances.

**“Policy”** means this policy on Related Party Transactions.

**“Related Party”**, in relation to the Company, shall refer to an entity which is:

- (i) a related party under Section 2(76) of the Companies Act, 2013;
- (ii) a related party under the applicable accounting standards; or
- (iii) a related party as defined in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Provided that following shall be deemed to be Related Party:

- a. any person or entity forming a part of the promoter or promoter group of the Company ; or
- b. any person or any entity, holding equity shares:
  - (i) of twenty per cent or more; or
  - (ii) of ten per cent or more, with effect from April 1, 2023;

in the Company either directly or on a beneficial interest basis as provided under Section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year;

**“Related Party Transaction”** means a transaction involving a transfer of resources, services or obligations between:

- (i) the Company or any of its Subsidiaries on one hand and a Related Party of the Company or any of its Subsidiaries on the other hand; or
- (ii) the Company or any of its Subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a Related Party of the Company or any of its Subsidiaries, with effect from April 1, 2023;

regardless of whether a price is charged and a “transaction” with a Related Party shall be construed to include a single transaction or a group of transactions in a contract.

Provided that the following shall not be a Related Party Transaction:

- a. the issue of specified securities on a preferential basis, subject to compliance of the requirements under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- b. the following corporate actions by the Company which are uniformly applicable/offered to all shareholders in proportion to their shareholding:

- i. payment of dividend;
- ii. subdivision or consolidation of securities;
- iii. issuance of securities by way of a rights issue or a bonus issue; and
- iv. buy-back of securities.

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

**“Subsidiary”** means a subsidiary as defined under sub section (87) of section 2 of the Companies Act, 2013.

#### **4. POLICY:**

##### **4.1 Identification of Related Parties:**

The Company Secretary, based on the declarations provided by the Directors and Key Managerial Personnel and also based on the corporate structure shall prepare a list of all persons who shall be considered as Related Parties with reference to the Company.

##### **4.2 Identification of potential Related Party Transactions:**

Each Director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. The Audit Committee would determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy. The same would also be applicable to Company’s subsidiaries as well, if any.

##### **4.3 Restrictions related to Related Party Transactions:**

###### **a) Audit Committee approval:**

All Related Party Transactions and Subsequent Material Modifications shall require prior approval of Audit Committee. All Related Party Transactions which are earlier approved by the Audit Committee shall require prior approval of the Audit Committee in case of Material Modifications.

Provided that only those Members of the Audit Committee, who are Independent Directors, shall approve Related Party Transactions.

Provided further that:

- i) Related Party Transaction to which the Subsidiary of Company is a party but the Company is not a party, shall require prior approval of the Audit Committee of the Company, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the Company;
- ii) with effect from April 1, 2023, a Related Party Transaction to which the Subsidiary of a Company is a party but the Company is not a party, shall require prior approval of the Audit Committee of the Company, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the Subsidiary.

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 this policy and such approval shall be applicable in respect of transactions which are repetitive in nature;
- b. The Audit Committee shall satisfy itself on 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 or applicable law;

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.

Provided further that Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.

- d. Audit Committee shall review, at least on a quarterly basis, the details of related party transactions 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 financial year and shall require fresh approvals after the expiry of one financial year.
- f. All such transactions are in the ordinary course of business and at arm's length.

b) Board Approval:

The following Related Party Transactions shall be subject to prior approval of Board of Directors:

1. All kinds of transactions with the Related Parties which are not in the ordinary course of business and/or not executed at an arm's length shall require approval of the Board of Directors by way of a resolution at a meeting of the Board.
2. Transactions which are not approved by the Audit Committee or in the opinion of the Audit Committee need special consideration / determination by the Board, may be recommended to the Board for its approval. Such transactions shall be placed before the Board for approval only at Board Meetings.
3. Where it is mandatory under any law for Board to approve the Related Party Transactions.
4. Related Party Transactions, in which the Directors or the Key Managerial Personnel, are concerned or interested.
5. Where any director is concerned or interested in any potential Related Party Transaction, such director shall abstain from voting when such transaction is being considered.

c) Shareholder's Approval:

The following Related Party Transactions shall be subject to prior approval of Shareholders of the Company by way of a resolution:

1. All Material Related Party Transactions and subsequent Material Modifications shall require prior approval of the shareholders through ordinary resolution and

2. Transactions, which are not in the ordinary course of business or not executed at an arm's length basis, exceeding the threshold limits as prescribed under Section 188 of the Companies Act 2013 and the Rules made thereunder, as may be amended from time to time.

Further, no Related Party shall vote to approve such resolutions whether the entity is a Related Party to the particular transaction or not.

Nothing contained in this Paragraph 4.3 a) shall apply to transactions entered into between the Company and its wholly owned Subsidiary/ies, if any and/or transactions entered into between two wholly-owned Subsidiaries of the listed holding company, whose accounts are consolidated with the Company and such consolidated accounts are placed before the Shareholders of the Company at the general meeting for approval (such transaction are hereinafter referred to as "Exempted Transactions").

#### **4.4 Review and approval of Related Party Transactions by Audit Committee:**

With reference to point 4.3 a), all Related Party Transactions, including Material Related Party Transaction but excluding Exempted Transactions, will be put to the Audit Committee for its review and prior approval in a meeting or by way of circular resolution. Any Member of the Committee who has a potential interest in any Related Party Transaction will recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction. Provided that only those Members of the Audit Committee, who are Independent Directors, shall approve Related Party Transactions.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits/ loss to the Company, and any other relevant matters prescribed under the law in force.

It shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approval given.

In determining whether to approve a Related Party Transaction, the Committee may consider all such factors/ or may call such information/ or seek external advice/ opinion as it may consider appropriate in its sole judgment.

If the Committee determines that a Related Party Transaction 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 Related Party Transaction, 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.

#### **5. POST FACTO CONSIDERATION OF RELATED PARTY TRANSACTIONS:**

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy, the matter shall be reviewed by the Committee. The Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction.

In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

In case of transactions under Section 188 of the Companies Act 2013 and the Rules made thereunder, as may be amended from time to time entered into by any Director or any employee without obtaining consent/approval of the Board and/or Shareholders of the Company, such transactions shall be ratified within three months from the date of the transactions/contract/arrangement by Board or Shareholders as the case may be.

This Policy will be communicated to all operational employees and other concerned persons of the Company.

**6. DISCLOSURES:**

- a. This Policy will be disclosed on the Company's website [www.ramgopalpolytex.com](http://www.ramgopalpolytex.com) and a web link thereto would be disclosed in the Annual Report of the Company.
- b. The Company shall submit to the stock exchanges disclosures of Related Party Transactions in the format as specified from time to time, and publish the same on its website [www.ramgopalpolytex.com](http://www.ramgopalpolytex.com).

Provided further that, the Company shall make such disclosures every six months within fifteen days from the date of publication of its standalone financial results.

Provided further that, the Company shall make such disclosures every six months on the date of publication of its standalone results with effect from April 1, 2023.

- c. Every transactions which are not in the ordinary course of business or not executed at an arm's length basis, entered under Section 188 of the Companies Act 2013 and the Rules made thereunder, as may be amended from time to time shall be referred in Board's Report to the Shareholders alongwith the justification for entering such transaction.
- d. Transactions entered under Section 188 of the Companies Act, 2013 and the Rules made thereunder and SEBI Circular on Related Party Transactions, as may be amended from time to time shall contain such disclosure mentioned therein in the Board Agenda and/or in the explanatory statement under Section 102 of the Companies Act, 2013.

All capitalized terms used in this Policy shall have the same meaning defined in the Companies Act, 2013 and/or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, unless expressly defined otherwise in this Policy.

In case of any inconstancy between the law in force and this Policy, the provisions of law shall prevail over this Policy and this Policy shall be deemed to have amended in line with changes in the law.

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