

POLICY ON MATERIALITY AND DEALING WITH RELATED PARTY TRANSACTIONS

REGULATORY FRAMEWORK

The Policy on Materiality and Dealing with Related Party Transactions (“Policy”) of National Plastic Technologies Limited (“Company”) has been prepared and adopted in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) read with SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and Companies Act, 2013 (“Act”) read with the Companies (Amendment) Act, 2017 along-with circulars issued thereunder, including any statutory modifications or re-enactments thereof for the time being in force.

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions.

OBJECTIVE

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time. The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

DEFINITIONS

“Arm’s Length Transaction (‘ALT’)” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

“Audit Committee or Committee” means the Committee of the Board constituted from time to time under the provisions of SEBI LODR and Section 177 of the Companies Act, 2013.

“Board” means the Board of Directors as defined under the Companies Act, 2013.

“Key Managerial Personnel” means Key Managerial Personnel as defined under the Companies Act, 2013.

“Material Related Party Transaction” as per Regulation 23 means a transaction with a related party if the transaction/transactions to be entered into individually or taken together with previous transactions during the financial year, exceeds 10 % of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such limits as may be prescribed either in the Companies Act, 2013 or the SEBI LODR, whichever is stricter, from time to time.



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“Ordinary course of business” means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities.

“Related Party” with reference to a Company, shall have the meaning as defined in Section 2(76) of the Act and 2(1)(zb) of the Listing Regulations.

“Relative” means a relative as defined under sub-section (77) of Section 2 of the Companies Act, 2013 and the rules prescribed there under.

IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

The Company has formulated guidelines for identification and updating the list of related parties as prescribed under Section 2(76) of the Companies Act, 2013 read with the Rules framed there under and Regulation 2(1) (zb) of the SEBI LODR.

For the purpose of identification of Potential Related Party Transactions, each director and Key Managerial Personnel shall give notice of disclosure of interest on an annual basis and upon any subsequent modifications in the last disclosure provided. The Company shall ensure that no transaction is entered into with any Related Party without requisite approvals.

REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

Audit Committee

All related party transactions shall require prior approval of the Audit Committee. However, the Audit Committee may grant prior omnibus approval for Related Party Transactions which are repetitive in nature, subject to the compliance of conditions contained in Regulation 23 of the Listing Regulations.

Board of Directors

The approval of the Board is not required for any transactions entered into by the Company in its ordinary course of business and on an arm’s length basis. However, the Board may take note of the transactions with related parties at least once a year.

The Company should obtain the approval of the Board for all the transactions specified in section 188 (1) which does not satisfy any of the condition mentioned in the first paragraph, by following the procedure / provisions as per Section 188 of the Act.

Shareholders

All the Material Related Party Transactions shall require approval of the shareholders through resolution and the Related Parties shall abstain from voting on such resolutions. All the transactions, other than the Material Related Party Transactions, with the Related Parties which are not in the ordinary course of business or at Arm’s Length basis shall also require the approval of the shareholders through a resolution if so required under any law and the Related Party/ies with whom transaction is to be entered into shall abstain from voting on such resolution.



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Accordingly, the Company should obtain the prior approval of the shareholders in case of the transactions with related parties exceed 10% of the turnover or related party transactions which are not in the ordinary course of business or at Arm's Length basis which exceeds the threshold limit as specified in Section 188(1) of the Act and Rule 15 of Companies (Meetings of Board and its Powers) Rule, 2014 and with any amendments made from time to time.

DISCLOSURES

- a. The Company shall submit within 30 days from the date of publication of its standalone and/or consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.
- b. The Company shall disclose this policy under separate section in the website of the Company and a web link shall be disclosed in the Annual Reports.
- c. The Company shall disclose, in the Annual Report, the details of related party transactions as per Schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.
- d. Such other disclosures as required under the law

INTERPRETATION

- a. Any words used in this Policy but not defined herein shall have the same meaning described to it in the Companies Act, 2013 or Rules made thereunder, SEBI Act or Rules and Regulations made thereunder Accounting Standards or any other relevant legislation / law applicable to the Company.
- b. In case of any dispute or difference upon the meaning/interpretation of any word or provision in this Policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee in such a case shall be final. In interpreting such term /provision, the Audit Committee may seek the help of any of the officers of the Company or an outside expert as it deems fit.

LIMITATION AND AMENDMENT

In the event of any conflict between the provisions of this Policy and of the Act or SEBI LODR or any other statutory enactments, rules, the provisions of such Act or SEBI LODR or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Agreement, Companies Act, 2013 and/or applicable laws in this regard shall automatically apply to this Policy.

POLICY REVIEW

- a. The Audit Committee shall review statement of significant related party transaction on a quarterly basis. In addition, the details of the related party transaction pursuant to omnibus approval, if any, shall also be reviewed on a quarterly basis.
- b. The said policy should also be reviewed by the Board at least once in every three years.