



## NATIONAL PLASTIC INDUSTRIES LIMITED

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CIN: L25200MH1987PLC044707

May 28, 2022

To  
**BSE Limited**  
P.J Towers,  
Dalal Street  
Mumbai – 400 001.

Dear Sirs,

**Sub.: Intimation of change in Related Party Transaction Policy**

Scrip Code – **526616**

Scrip ID – **NATPLAS**

Pursuant SEBI Circular SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated November 22, 2021, The Board of Directors in its Meeting held today has updated the policy on dealing with Related Party.

The said updated Policy is enclosed herewith for your record and information.

Thanking You.

Yours Faithfully,

FOR **NATIONAL PLASTIC INDUSTRIES LIMITED**

**AMIT V. JAIN**  
**COMPANY SECRETARY**  
**eCSIN: EA60998B000079929**



encl.: As Above



# **NATIONAL PLASTIC INDUSTRIES LIMITED**

## **RELATED PARTY TRANSACTIONS POLICY**

### **1. PREAMBLE:**

The Companies Act, 2013 (Act) read with the Companies (Meetings of Board and its Powers) Rules, 2014 (Rules) introduced specific provisions relating to related party transactions and defined the term related parties, (material) related party transactions, relatives and key management personnel. The Act and the Rules have also laid down the financial limits and the approval process for such transactions.

Further, pursuant to the Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (herein after referred as “Listing Regulations”), the listed companies need to formulate a policy on materiality of related party transactions and also a policy on dealing with related party transactions.

The Board of Directors of National Plastic Industries Limited (the “Company”) has adopted this policy on Related Party Transaction, in compliance with the requirements of Section 188 of the Companies Act, 2013 (the “Act”) and Regulation 23 of the Listing Regulations on Corporate Governance.

The Related Party Transaction Policy may be amended from time to time and is subject to approval by the Board of Directors of the Company.

### **2. 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.

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## 3. APPLICABILITY AND EFFECTIVE DATE:

This policy shall be applicable to the Company with effect from its approval by the Board of Directors to regulate transactions between the Company and its related parties based on the applicable laws and regulations.

## 4. DEFINITIONS:

- 4.1. **“Act”** shall mean the Companies Act 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.
- 4.2. **“Audit Committee or Committee”** means Committee of the Board of Directors for audit related purposes.
- 4.3. **Associate Company** in relation to another company means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

Explanation —For the purposes of this clause, “significant influence” means control of at least twenty per cent of total share capital, or of business decisions under an agreement.

- 4.4. **“Board”** means the Board of Directors of the Company.
- 4.5. **“Company”** means National Plastic Industries Limited
- 4.6. **“Policy”** means Related Party Transactions Policy, including any amendments thereof.
- 4.7. **“Related Party”** is a person or entity that is related to the company. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, directly or indirectly, in making financial and/or operating decisions and includes the following:
  - i. a director of the Company (hereinafter referred to as director) or his relative;

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- ii. a Key Managerial Personnel of the Company (hereinafter referred to as KMP) or his/her 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 2% 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 [other than an independent director] or key managerial person of the holding company or his relative; and
- x. a related party as defined under applicable accounting standards.

#### 4.8. **“Relative”:** -

A person shall be deemed to be the relative of another if he or she is related to another in any one of the following manner:

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1. Members of the Hindu Undivided Family
  2. Spouse
  3. Father includes step-father
  4. Mother includes step-mother
  5. Son
  6. Son's wife
  7. Daughter
  8. Daughter's husband
  9. Brother includes step-brother
  10. Sister includes step-sister
- 4.9. **Key Managerial Personnel (KMP)** in relation to a company, means
1. the Managing Director or the Chief Executive Officer or the manager and in their absence, a Whole - time Director;
  2. the Company Secretary; and
  3. the Chief Financial Officer
- 4.10. **"Related Party Transaction"** have the meaning as defined under Regulation 2(1)(zc) of the Listing Regulations and means any transaction involving transfer of resources, services or obligations between a listed entity and a related party, regardless of whether 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, including but not limited to the following–
- 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. appointment to any office or place of profit in the company;
  - g. underwriting the subscription of any securities or derivatives thereof, of the company.

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- 4.11. **“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 the thresholds specified in the following table or as may be prescribed either in the Companies Act, 2013 or the Listing Regulations, from time to time.

| <b>Category of Transactions</b>   | <b>Related Party Transactions Threshold- Companies Act, 2013</b>         | <b>Material Related Party Transactions Threshold- SEBI</b>                                 |
|---|--|--|
| Sale, purchase or supply of any goods or material   | 10% of turnover or Rs. 100 crore, whichever is lower                     | 10% of annual consolidated Turnover of the company as per last audited financial statement |
| Selling or otherwise disposing of, or buying, property of any kind;   | 10% of net worth or Rs. 100 crore, whichever is lower                    |  |
| Leasing of property of any kind;  | 10% of net worth or 10% of turnover or Rs. 100 crore, whichever is lower |  |
| Availing or rendering of any services;  | 10% of turnover or Rs. 50 crore, whichever is lower                      |  |
| Such Related Party's appointment to any office or place of profit in the Company, its subsidiary company or associate company | At a monthly remuneration exceeding Rs. 2.5 lakh                         |  |
| Underwriting the subscription of any securities or derivatives thereof, of the Company  | 1% of net worth  |  |
| Any other transaction   | Not Applicable   |  |

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- 4.12. **“Transaction on Arm’s Length basis”** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. For determination of Arm’s Length basis, guidance may be taken from provisions of Transfer Pricing under Income Tax Act, 1961.
- 4.13. **“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 which the company can undertake as per Memorandum & Articles of Association.
- 4.14. **“Control”** includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholder’s agreements or voting agreements or in any other manner.

Provided that a director or officer of the company shall not be considered to be in control over such company, merely by virtue of holding such position.

- 4.15. **“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.

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- 4.16. **“Material Modification in Related Party Transactions”** means any modification related to change in price, tenure, delivery schedule, non-statutory obligations, terms and conditions or short closure of any contract or arrangement with related party.

Reference and reliance may be placed on the clarification issued by the Ministry of Corporate Affairs, Government of India, SEBI and other Authorities from time to time on the interpretation of the aforesaid terms.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation.

## 5. POLICY

The Audit Committee shall review and approve all Related Party Transactions based on this Policy.

In exceptional cases, where a prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances, the Committee may ratify the transactions in accordance with this Policy.

### 5.1. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

Every Director and Key Managerial Personnel shall provide a disclosure/declaration in the format as per Annexure 1 to the Company Secretary on an annual basis.

Every Director and Key Managerial Personnel shall be responsible to provide such disclosure/declaration annually at the beginning of the financial year and immediately on becoming aware of any changes in the relationships, directorships, holdings, interests and / or controls.

Every Director, Key Managerial Personnel, Functional / Business heads / Chief Financial Officer/ Vice President - Finance will be responsible for providing prior Notice to the Company Secretary of any potential Related Party Transaction. They will also be responsible for providing additional information about the



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transaction that the Board / Committee may request, for being placed before the Committee and the Board.

The suggested details and list of records and supporting documents which are required to be provided along with the Notice of the proposed transaction are provided in Annexure 2 to this Policy.

## **5.2. REVIEW AND APPROVAL OF RELATED - PARTY TRANSACTION**

### **A. APPROVAL OF THE AUDIT COMMITTEE**

Every Related Party Transactions shall be subject to the prior approval of the Audit Committee. Any member of the Committee who has a potential interest in any Related Party Transaction will abstain from discussion and voting on the approval of the Related Party Transaction.

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 to the Company and to the Related Party, and any other relevant matters. (Annexure 1)

### **CONSIDERATION BY THE COMMITTEE IN APPROVING THE PROPOSED TRANSACTION**

All relevant facts and circumstances including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters shall be considered before approving any proposed transaction by the Committee.

The Committee shall, inter-alia, consider the following factors to the extent relevant to the transaction:

- a. Whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are on an arm's length basis;
- b. The business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- c. Whether the Related Party Transaction includes any potential reputational

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risks that may arise as a result of or in connection with the proposed Transaction; and

- d. Whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director, Key Managerial Personnel or other Related Party, the direct or indirect nature of the Director's interest, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Committee deems relevant.

### **OMNIBUS APPROVAL FROM AUDIT COMMITTEE**

In the case of frequent/regular/ repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre-approval / omnibus approval.

- I. All related party transactions require prior approval of the Audit Committee. However, the Company may grant omnibus approval from the Audit Committee for such transactions, subject to the compliances with the following conditions:
  - a. The Audit Committee shall, after obtaining approval from the Board of Directors, specify the criteria for granting the omnibus approval which shall include the following, namely: -
    - i. Maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;
    - ii. the maximum value per transaction which can be allowed;
    - iii. extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
    - iv. review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the Company pursuant to each omnibus approval made;
    - v. transactions which cannot be subject to the omnibus approval by

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the Audit Committee.

- b. The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval namely:
  - i. repetitiveness of the transactions (in past or in future)
  - ii. justification for the need of omnibus approval

While granting the approval the Audit Committee shall satisfy itself of the need for the omnibus approval for transaction of repetitive nature and that such approval is in the interest of the Company.

The omnibus approval shall contain or indicate the following:

- i. Name/s of the Related Party
  - ii. Nature of transaction
  - iii. Period of transaction
  - iv. Maximum amount of transaction that can be entered into
  - v. The indicative base price/ current contracted price and the formula for variation in price, if any and
  - vi. any other information which the Audit Committee deems fit.
- c. Where the need for Related Party Transaction cannot be foreseen and the aforesaid details are not available, the Committee can give omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction
- d. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- e. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
- f. Audit Committee shall review, at least on a quarterly basis, the aggregated value and other details of related party transactions entered into by the company pursuant to each of the omnibus approval given.
- g. Any other conditions as the Audit Committee may deem fit.

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Any proposed variations/amendments to the above factors shall require prior approval of the Committee.

## **B. APPROVAL OF THE BOARD OF DIRECTORS**

All kinds of transactions specified under Section 188 of the Companies Act, 2013 and transaction which are not in the ordinary course of business or not at arm's length basis shall be placed before the Board for its approval. Any member of the Board who has any interest in any related party transaction will rescue himself/herself and abstain from discussion and voting on the approval of the related party transaction.

## **C. APPROVAL OF THE SHAREHOLDERS OF THE COMPANY**

All the transactions with related parties exceeding the materiality thresholds mentioned under Clause 4 of this Policy and which are not in the ordinary course of business, or not at arm's length price, shall require approval of the shareholders through resolution.

For this purpose, all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a related party to the particular transaction or not.

However, the requirement of shareholders' approval shall not be applicable for 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

### **5.3. RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED**

In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Committee or Board or the Shareholders as may be required in accordance with this Policy for review and ratification.

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## 6. DISCLOSURE

Disclosure will be made in the Company's Annual Report of the particulars of the contract and arrangement along with the justification for entering into such contract s/arrangements with the Related Parties as part of Directors' Report.

**The Company will also disclose the details of all material Related Party on a quarterly basis along with the compliance report on corporate governance filed with the stock exchanges under the Listing Regulations.**

## 7. EXEMPTIONS

Nothing contained in this policy shall apply to any contract or arrangement—

- (a) of service availed in a professional capacity from body corporate/person.
- (b) for payment of sitting fees to directors;
- (c) for re-imbusement of expenses for attending board and other meetings;
- (d) of any profit related commission as approved by members.
- (e) of any transaction involving the providing of compensation to a director or Key Managerial Personnel in connection with his/her duties to the Company including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business, and in line with the terms of Appointment

## 8. AMENDMENT

The Audit Committee may review this policy from time to time and recommend any changes to the Board for approval. In the event of any conflict between the provisions of this policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment/modification in the Listing Regulation, Act and/or applicable laws in this regard shall automatically apply to this Policy.

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## ANNEXURE 1

### Disclosures – Related

#### Party

- 1) **List of relatives – For the purposes of sub-section (77) of section 2 of the Companies Act, 2013, the following are my relatives**

|    |   |  |
|----|---|--|
| 1. | Hindu Undivided Family (HUF) in which I am member |  |
| 2. | Other members of HUF in which I am a member       |  |
| 3. | Husband/Wife                                      |  |
| 4. | Father (Including Step Father)                    |  |
| 5. | Mother (Including Step Mother)                    |  |
| 6. | Son (Including Step Son)                          |  |
| 7. | Son's Wife  |  |
| 8. | Daughter  |  |
| 9. | Daughter's husband                                |  |
| 10 | Brother (Including Step Brother)                  |  |
| .  |   |  |
| 11 | Sister (Including Step Sister)                    |  |
| .  |   |  |

- 2) **List of Firms / LLPs / Association of Individuals / Other Entities in which I am a Partner / Sole Proprietor / Owner / Member**

| Sr. No. | Names of the Partnership Firms / LLP / Sole Proprietorship / Other Entities | Percentage of Partnership / Ownership | Date on which interest or concern arose / Changed |
|---------|---|---------------------------------------|---|
|         |   |                                       |   |

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- 3) **List of Firms / LLPs / Sole Proprietorship in which any of my relatives (mention the relation) is a Partner/Sole Proprietor**

| Sr. No. | Name of the Relative | Relations | Names of the Firms / LLP / Sole Proprietorship | Percentage of Partnership | Date on which interest or concern arose / Changed |
|---------|----------------------|-----------|--|---------------------------|---|
|         |                      |           |  |                           |   |

- 4) **List of Public/Private Limited Company(ies) / Bodies Corporate (includes a Company incorporated outside India) of which I am a Director / MD / WTD / Promoter / CEO / Manager - Section 184(2)**

| Sr. No. | Names of the Companies | Designation | Date of Appointment | Date of Cessation |
|---------|------------------------|-------------|---------------------|-------------------|
|         |                        |             |                     |                   |

- 5) **List of Private Company(ies), in which I am a Member**

| Sr. No. | Names of the Companies | No. of shares held | Percentage of shares | Date on which interest or concern arose / changed |
|---------|------------------------|--------------------|----------------------|---|
|         |                        |                    |                      |   |

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6) **List of Public Company (ies)/body corporate in which I am, along with my relatives, holding more than 2% of its paid up share Capital**

| <b>Sr. No.</b> | <b>Names of the Companies/<br/>Bod<br/>yCorporate</b> | <b>No. of shares held</b> | <b>Percentage of shares</b> | <b>Date on which interest or concern arose / changed</b> |
|----------------|---|---------------------------|-----------------------------|--|
|                |   |                           |                             |  |

Date:

Place: Mumbai

\_\_\_\_\_  
Name:

Designation:



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## **ANNEXURE 2**

INFORMATION TO BE PROVIDED TO THE AUDIT COMMITTEE / BOARD IN RELATION TO THE PROPOSED RELATED PARTY TRANSACTION (TO THE EXTENT RELEVANT TO THE TRANSACTION):

1. Name of the Related Party and nature of relationship;
2. Nature and duration of the contract/transaction and particulars thereof;
3. Material terms of the contract or arrangement or transaction including the value, if any;
4. In case of existing or approved contracts, transactions, details of proposed variations to the duration, current price / value and / or material terms of the contract or arrangement including a justification to the proposed variations;
5. Any advance paid / received or to be paid / received for the contract or arrangement, if any;
6. Manner of determining the pricing and other commercial terms, whether or not included as part of contract;
7. Copy of the draft MOU, agreement, contract, purchase order or correspondence etc. if any.
8. Applicable statutory provisions, if any;
9. Valuation reports in case of sale or purchase or leasing / renting of capital assets or securities;
10. Justification as to the arm's length nature of the proposed transaction;
11. Declaration whether the transaction is in the ordinary course of business;
12. Persons / authority approving the transaction; and
13. Any other information relevant or important for the Committee / Board to take a decision on the proposed transaction.