



# VISHNU PRAKASH R PUNGLIA LIMITED

ENGINEER, CONTRACTOR & DESIGNER  
An ISO 9001: 2008 Certified Company

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## ANNEXURE-I

### POLICY ON RELATED PARTY TRANSACTIONS

(Pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

#### Background:

The Board of Directors (“**Board**”) of Vishnu Prakash R Punglia Limited (“**Company**”) has adopted the Related Party Transactions Policy, pursuant to the provisions of Companies Act, 2013 (“**Act**”) and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”), read with relevant circulars issued by SEBI from time to time.

#### Definitions:

“**Arm’s Length Transaction**” 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 of directors of the Company constituted in accordance with provisions of the SEBI Listing Regulations and the Act.

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

“**Key Managerial Personnel**” means key managerial personnel as defined under section 2(51) of the Act.

“**Material Modification**” means any change in the value of transaction exceeding 20% of the value of the original transaction with the related party already approved by the Audit Committee / Board / Shareholders, as the case may be.

“**Material Related Party Transaction**” means a material transaction with a related party as provided in the explanation under regulation 23(1) and 23(1A) of the SEBI Listing Regulations which reads as under:

*Regulation 23(1) inter-alia provides that:*

*“a transaction with a related party shall be considered material if the transaction(s) 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 listed entity, whichever is lower.”*



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*Regulation 23(1A) inter-alia provides that:*

*“Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the Company”.*

**“Ordinary course of business”** means a transaction as may be so determined based on the guiding principles set down under Annexure A, which may be amended from time to time in accordance with the statutory requirements and other industry practices and guidelines.

**“Policy”** means this Policy on Related Party Transaction.

**“Related Party”** means a related party as defined under Regulation 2(1)(zb) of the SEBI Listing Regulations (as amended from time to time).

**“Related Party Transaction” (“RPT”)** means a related party transaction as defined under Regulation 2(1)(zc) of the Listing Regulations and section 188 of the Companies Act, 2013, read with amendments issued from time to time.

**“Relative”** with reference to a director or a Key Managerial Personnel means persons defined under Section 2(77) of the Companies Act read with amendments issued from time to time.

Unless the context otherwise requires, the words and expressions used in this Policy, and not defined herein, but defined in the Act or the Listing Regulations, shall have the meaning as assigned to them in the Act or Listing Regulations or other applicable law or regulation.

## **Policy:**

### **Material Thresholds:**

The Board has, in accordance with the SEBI Listing Regulations, determined that a transaction with a related party shall be considered as material if the transaction to be entered into individually or taken together with previous transactions during a financial year exceeds:

- a) Rs. 1,000 (Rupees one thousand) crores or ten percent (10%) of the annual consolidated turnover as per the last audited financial statements of the Company, *whichever is lower.*
- b) Five percent (5%) of annual consolidated turnover as per the last audited financial statements of the Company, in case of a transaction involving payment with respect to brand usage or royalty.



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The above threshold limit shall be reviewed by the Board, as per the provisions prescribed under the Act or the SEBI Listing Regulations, as the case may be.

## **Periodic identification of the Related Parties:**

Related Parties shall be identified under the Act and the SEBI Listing Regulations, as amended from time to time. The Secretarial Department of the Company shall request information that may be required for inclusion in the list of Related Parties, from all the directors and Key Managerial Personnel of the Company.

Each director and Key Managerial Personnel of the Company shall be required to inform the Secretarial Department of the Company of any change in the information previously provided on the list of Related Parties from time to time.

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 / her or his / her interest, including any additional information about the transaction that the Board / Audit Committee may reasonably request.

The list of identified Related Parties will be tagged and updated in the accounting system regularly and also periodically sent out to those officials of the Company that might be in the position to conduct or know the possible conduct of RPT.

## ***Approvals for transactions with related parties:***

### ***Approval of Audit Committee:***

All RPTs (including material RPTs) and subsequent material modifications shall require prior approval of the Audit Committee in accordance with provisions of the Act and the SEBI Listing Regulations. The Audit Committee shall consider all relevant factors before granting its approval to the proposed transaction. For the purposes of this Policy, 'subsequent material modification' would mean any modification to an existing RPTs in aggregate with a related party having variance of 20% in value of the transaction already approved by the Audit Committee or the Board of Directors or Shareholders, as the case may be, or such modification as may be decided by the Audit Committee.

A RPT to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Company's Audit Committee, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten percent (10%) of the annual consolidated turnover, as per the Company's last audited financial statements. With effect from April 1, 2023, a RPT to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Company's Audit Committee, if the value of such transaction whether entered



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into individually or taken together with previous transactions during a financial year, exceeds ten percent (10%) of the annual standalone turnover, as per the last audited financial statements of the Company's subsidiary.

Only Independent Directors, being members of the Audit Committee are empowered to approve RPTs.

The Audit Committee may grant omnibus approval for RPTs, subject to compliances set out in regulation 23 (3) of the SEBI Listing Regulations. Omnibus approval shall apply to transactions which are repetitive in nature and the Audit Committee shall satisfy itself regarding the need for such approval. Further, the Audit Committee shall review on a quarterly basis, the details of RPTs entered into by the Company pursuant to omnibus approvals given. Omnibus approvals given by the Company shall be valid for one (1) year and shall require fresh approvals after expiry of one (1) year.

Lastly, the Audit Committee shall also review the status of long-term (more than one year) RPTs on an annual basis.

## **Approval of the Board:**

Following Related Party Transaction shall require the prior approval of the Board:

- a) Transactions specified in Section 188(1) of the Act, which are not in the ordinary course of business and/or are not on arm's length basis and / or applicable Indian Accounting Standards.
- b) Material Related Party Transactions, proposed to be approved by the Shareholders.
- c) Related Party Transactions for which approval of the Board is required under applicable laws for time being in force.
- d) Any other transaction, which in the opinion of the Audit Committee should be approved by the Board or where the Board is of opinion that the same should be approved by the Board.
- e) Material Modification to the transactions, previously approved by the Board in terms of clause a) to d).

Any Director having a potential interest in the proposed transaction, will recuse himself, and abstain from discussion, and voting, on the proposal for approval of the said Related Party Transaction.



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## Approval of the Shareholders:

All material RPTs and subsequent material modifications shall require prior approval of the shareholders through resolution.

Further, RPTs exceeding the following threshold limits shall require prior approval of the shareholders as under:

Sr. No.	Type of contract / arrangement with Related Party	Limits in excess, requiring shareholders' approval
1	Sale, purchase or supply of any goods or materials, directly or through appointment of agent	Exceeding ten percent (10%) of the Company's turnover
2	Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent	Exceeding ten percent (10%) of the Company's net worth
3	Leasing of property of any kind	Exceeding ten percent (10%) of the Company's turnover
4	Availing or rendering of any services, directly or through appointment of agent	Exceeding ten percent (10%) of the Company's turnover
5	Appointment to any office or place of profit in the Company, its subsidiary or associate company	Monthly remuneration exceeds Rs. 2,50,000
6	Remuneration for underwriting the subscription of any securities or derivatives thereof, of the Company	Exceeding one percent (1%) of the net worth

**Note:**  
(i) The turnover or net worth shall be computed on the basis of audited financial statements of the preceding financial year;  
(ii) Limits specified in points (1) to (4) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

With effect from April 1, 2023, the approval requirements mentioned hereinabove shall also apply to transactions undertaken by the Company or any of its subsidiaries on the 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.

## Voting requirements:

Before approving any Related Party Transaction, the Chief Financial Officer must express a reasoned opinion on the Company's interest in carrying out the transaction and on the benefits



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and substantive fairness of the related terms. In determining whether to approve or ratify a Related Party Transaction, the Audit Committee / Board, as the case may be, shall take into account, other factors, as may be deemed appropriate, whether the Related Party Transaction is in the Ordinary course of business of the Company and whether it qualifies as an Arm's Length Transaction and the extent of the Related Party's interest in the transaction.

No Related Party shall vote to approve such resolutions, whether the entity is a related party to the particular transaction or not.

The term Ordinary course of business has been elaborated in 'Annexure A' to this Policy. For this purpose, the Audit Committee / Board, as the case may be, is entitled to seek the assistance of any employee of the Company or one or more independent experts of its choice at the expense of the Company.

Any member of the Audit Committee who has a potential interest in any Related Party Transaction will abstain from any discussions or voting on such proposals.

If any director of the Company is interested in any contract or arrangement with a Related Party, such director cannot be present at the Audit Committee / Board meeting of the Company, during discussions in the matter.

## Ordinary Course of Business and Arm's Length Price:

Arm's length pricing in respect of all Related Party Transactions shall be determined in accordance with the policy memos adopted by the Board for specified RPTs, where such memos have been prepared.

All proposed RPTs may be assessed as to whether they are in the Ordinary course of business by reference to the Company's Note on 'Determination of Ordinary Course of Business', as approved by the Audit Committee.

## Disclosure and reporting:

The Company shall provide information, as prescribed in the SEBI circular dated November 22, 2021 (SEBI/HO/CFD/CMD1/CIR/P/2021/662) for review of the Audit Committee.

The Company shall disclose to the stock exchanges, disclosures of RPTs in the format specified by SEBI and publish the same on its website in the following manner:

Sr. No.	Provision effective date	Compliance	Timeline of disclosure
1	April 1, 2022	Disclosure of RPTs to stock exchanges in SEBI prescribed format	Every six (6) months- within fifteen (15) days



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			<i>from date of publication of standalone and consolidated financial results</i>
2	April 1, 2023	Disclosure of RPTs to stock exchanges in SEBI prescribed format	Every six (6) months- <i>on the date of publication of standalone and consolidated financial results</i>

The Board report shall contain details of RPTs as required under the Act.

The Annual Report shall contain details of RPTs Related Party Transactions as required under Schedule V of the SEBI Listing Regulations.

### **Review of the Policy:**

Any modification / amendment of the applicable laws (Act and the SEBI Listing Regulations, relevant circulars) in this regard, shall automatically apply to this Policy.



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## Annexure A

### Note on Determination of ordinary course of business

Section 188 of the Act will not be applicable if a transaction is in the ordinary course of business and at arm's length basis. In order to decide whether a transaction is being done in the ordinary course of business or not, the following factors will be considered by the Company:

- a. Whether the transaction to be entered into is covered under the Objects Clause of the Memorandum of Association of Company. In case the transaction does not feature in the Main Objects Clause, it will not be treated as a transaction which is in the Ordinary Course of Business. The transaction which is covered under Objects which are incidental or ancillary to the main objects will not be considered as in the Ordinary Course of Business.
- b. Whether the transaction is normal or otherwise routine for the business (activities like advertising or staff training will be considered routine)
- c. Whether the transaction is repetitive or frequent. In case the transaction is not frequent or is being undertaken for the first time, it will not be in the ordinary course of business. In order to determine frequency, a time frame of 12 months is being considered. Hence if the gap between two transactions of the same nature is more than 12 months it will not be considered as being in the Ordinary Course of Business.
- d. The financial scale of the transaction may be considered. Even if the transaction is frequent or has not been undertaken for the first time, in case the quantum is more than 3 times the past history, it may not be considered in the Ordinary Course of Business.
- e. The following shall not be considered as in the "Ordinary Course of Business";
  - i. Any type of Corporate Restructuring including slump sale or hive-offs involving related parties
  - ii. Payment of Royalty for the use of any brand or any other intellectual property
  - iii. Capital Infusion into any Joint Venture or group company