



VINATI ORGANICS LIMITED

Policy on Related Party Transactions

1. Preamble:

Vinati Organics Limited ("Company") recognizes that a Related Party Transaction can present a conflict of interest which may be against the interest of the Company and its stakeholders.

In light of the above, the Company has framed this policy on Related Party Transactions ("Policy"). This policy and the guidelines regarding Related Party Transactions have been adopted by the Company in order to transparently set forth the procedures with Related Parties. Going forward, the Audit Committee will review and amend the Policy, as and when required.

2. Objective:

This Policy aims to ensure compliance with the applicable provisions of the Companies Act, 2013 ("the Act") & Rules made thereunder, Indian Accounting Standard (IND AS) 24 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as amended or re-enacted from time to time and which relate to the identification of the Related Parties and governance & approval of the Related Party Transactions, wherever required.

Regulation 23 (1) of the Listing Regulations requires the Company to formulate a policy of materiality of related party transactions and dealing with Related Party Transactions including clear threshold limits duly approved by the Board of Directors (the Board) and such policy shall be reviewed by the Board at least once every 3 (Three) years and updated accordingly.

3. Definitions:

3.1 "Act" means The Companies Act, 2013.

3.2 "Arms' Length Transaction" means:

- (a) a transaction between two Related Parties that is conducted as if they were unrelated so that there is no conflict of interest; and
- (b) Such price charged for the transactions to a Related Party shall not in

any case be influenced by the relationship and shall meet the criteria prescribed in Transfer Pricing Guidelines prescribed under the Income-Tax Act, 1961.

- 3.3 **“Board of Directors” or “Board”** shall mean the collective body of the Directors of the Company as constituted from time to time, in line with the provisions of the Act and Listing Regulations.
- 3.4 **“Company”** as defined under the Section 2 (6) of the Act shall have the same meaning, namely-
- "in relation to any other company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the Company having influence and includes a joint venture company".
- 3.5 **“Holding Company”** means in relation to one or more other companies, a company of which such companies are subsidiary companies.
- 3.6 **“Key Managerial Personnel”** means:
- i. the Chief Executive Officer or the Managing Director or the Manager;
 - ii. the Company Secretary;
 - iii. the Whole-Time Directors;
 - iv. the Chief Financial Officer;
 - v. such other officer, not more than one level below the directors who is in whole-time employment of the Company, designated as key managerial personnel by the Board; and
 - vi. such other officer as may be prescribed.
- 3.7 **“Material modification”** will mean and include any modification to a Related Party Transaction of an amount exceeding 20% of the existing value of the transaction/ contract.
- Provided further that in case of multiyear contracts with Related Parties, material modification shall mean and include any modification of an amount exceeding 20% of the transaction/contract value prevailing as at the end of the immediately preceding financial year.
- 3.8 **“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 of Association and Articles of Association.
- 3.9 **“Subsidiary Company” or Subsidiary”** as defined under Section 2 (87) of the Act means a company in which the Holding Company -
- i. controls the composition of the board of directors;
 - ii. exercises or controls more than one-half of the total share capital either at its own or together with one or more of its subsidiaries companies.

3.10 “**Related Party**” means:

I. Related Party as defined under Section 2(76) of the Act; viz –

- i. a Director of the company, Subsidiary or Holding Company or his relative;
- ii. a Key Managerial Personnel or his 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 and manager is a director and holds along with his relatives, more than two per cent 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 body corporate which is-
 - a. holding, subsidiary or an associate company of such company;
 - b. a subsidiary of a holding company to which it is also a subsidiary; or
 - c. an investing company or the venturer of the company";

Explanation - For the purpose of this clause, “the investing company” or the “venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.

II. “Related Party” as defined under the applicable Indian Accounting Standards”;

III. “Related Party” as per Regulation 2(zb) of the SEBI Listing Regulations:

“Related Party” means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards:

Provided that:

- (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; shall be deemed to be a related party.

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s)

3.11 **“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 Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (b) the following corporate actions 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.
- (c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board:
- (d) acceptance of current account deposits and saving account deposits by banks in compliance with the directions issued by the Reserve Bank of India or any other central bank in the relevant jurisdiction from time to time:

Explanation: For the purpose of clauses (c) and (d) above, acceptance of deposits includes payment of interest thereon.

- (e) retail purchases from the Company or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/ offered to all employees and directors:

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s);

Further, Related Party Transactions is as defined under Section 188 of the Companies Act, 2013 means contracts or arrangements with a related party with respect to:

- i. sale, purchase or supply of any goods or materials;
- ii. selling or otherwise disposing of, or buying, property of any kind;
- iii. leasing of property of any kind;
- iv. availing or rendering of any services;
- v. appointment of any agent for purchase or sale of goods, materials, services;
- vi. such related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company and
- vii. underwriting the subscription of any securities or derivatives thereof, of the Company.

For the purpose of the above, a Related Party Transaction shall include a single transaction or a group of transactions in a contract, with a Related Party.

- 3.12 **“Relative”** means relative as defined under sub-section (77) of Section 2 of the Act and Rules prescribed there under
- i. Members of Hindu Undivided Family
 - ii. Husband and wife
 - iii. Father, including stepfather
 - iv. Mother, including stepmother
 - v. Son, including stepson
 - vi. Son's Wife
 - vii. Daughter
 - viii. Daughter's husband
 - ix. Brother, including stepbrother
 - x. Sister, including step sister

Provided this definition shall not be applicable for the units issued by mutual fund which are listed on a recognised stock exchange(s);

- 3.13 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.

4. "Material Related Party Transaction" means a transaction with a related party if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees 1000 Crore (One Thousand Crore) or 10 (Ten per cent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

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 5 (Five per cent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

5. Identification of Related Parties:

The Company shall seek required disclosures or information from Directors and/ or KMP and their relatives to identify a related party, in such form or manner as per the Act/ applicable laws, as amended from time to time. Such information shall be presented in the board meeting in every financial year and whenever there is any change in the disclosures.

6. Identification of Related Party Transactions:

All Related Party Transactions requiring approvals and/or reporting shall be identified by the Company on a continuous basis. Related Party Transactions identified by the Company shall be reported to the Audit Committee of the Company at frequent intervals as may be decided by the Committee from time to time.

7. Review and Approval of Related Party Transactions

7.1 Approval by the Audit Committee:

7.1.1 The Company shall not enter into any Transactions with any Related Party and any subsequent modification to the Related Party Transactions without prior approval of the Audit Committee of the Company. Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.

7.1.2 Related Party Transaction to which Company is not a Party:

- (a) the audit committee of the Company shall define "material modifications" and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions;
- (b) a related party transaction to which the subsidiary of the 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;

- (c) with effect from April 1, 2023, a related party transaction to which the subsidiary of the 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;
- (d) prior approval of the audit committee of the Company shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in (d) above, the prior approval of the audit committee of the listed subsidiary shall suffice.

7.1.3 Omnibus approval from the Audit Committee:

7.1.4 Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the Company or its subsidiary subject to the following conditions, namely-

- (a) the audit committee shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature;
- (b) the audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company;
- (c) the omnibus approval shall specify:
 - (i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall 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:

Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, the audit committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

- (d) the audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company or its subsidiary pursuant to each of the omnibus approvals given.

- (e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

7.1.5 All material related party transactions and subsequent material modifications as defined by the audit committee under sub-regulation (2) shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not:

Provided that prior approval of the shareholders of a Company shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.

Provided further that the requirements specified under this sub-regulation shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved;

7.1.6 The provisions Regulation 23 Sub-regulation (2), (3) and (4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 shall not be applicable in the following cases:

- (a) transactions entered into between two public sector companies;
- (b) transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- (c) transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- (d) transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between the Company on one hand and the Central Government or any State Government or any combination thereof on the other hand.
- (e) transactions entered into between a public sector company on one hand and the Central Government or any State Government or any combination thereof on the other hand.

The provisions of this regulation shall be applicable to all prospective transactions.

7.1.7 All existing material related party contracts or arrangements entered into prior to the date of notification of these regulations and which may continue beyond such date shall be placed for approval of the shareholders in the first General Meeting subsequent to notification of these regulations.

All the relevant information/ documents relating to the proposed Related Party Transaction(s) shall be placed before the Audit Committee, which inter-alia shall include:

- a. Type, material terms and particulars of the proposed transaction;
- b. Name of the related party and its relationship with the Company Company or its subsidiary, including the nature of its concern or interest (financial or otherwise);
- c. Tenure of the proposed transaction (particular tenure shall be specified);
- d. Value of the proposed transaction;
- e. The percentage of the Company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for an RPT involving a subsidiary, such percentage is calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- f. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company Company or its subsidiary:
 - i) details of the source of funds in connection with the proposed transaction;
 - ii) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
 - nature of indebtedness;
 - cost of funds; and
 - tenure;
 - iii) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - iv) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- g. Justification as to why the RPT is in the interest of the Company Company;
- h. A copy of the valuation or other external party report, if any such report has been relied upon;
- i. Percentage of the counter-party's annual consolidated turnover that is

represented by the value of the proposed RPT on a voluntary basis;

j. Any other information that may be relevant.

7.1.8 The Audit Committee may appoint an expert preferably a Chartered Accountant conversant with and having relevant experience in the area of Transfer Pricing Regulations as a Related Party Transaction Auditor (RPT Auditor) who shall peruse and review all the transactions and provide a report whether the Related Party Transactions are in the ordinary course of business and on an arms' length basis.

7.1.9 Any member of the Audit Committee who has a potential interest in any Related Party Transaction shall recuse himself and abstain from discussion and voting on the approval of the Related Party transaction. A Related Party Transaction which is (i) not in the ordinary course of business, or (ii) not at arm's length price, would require approval of the Board or of shareholders.

7.1.10 The Audit Committee shall consider the information/ documents related to Related Party Transactions placed before it and either approve or reject the same on merit.

7.1.11 The Audit Committee shall also pre-approve related party transactions, where the Company is not a party, but the Company's subsidiary is a party, if the value crosses the thresholds as prescribed under the Listing Regulations.

7.2 **Approval of the Board:**

7.2.1 As per the provisions of Section 188 of the Act, all kinds of transactions and subsequent material modifications specified under the said Section and as mentioned in Listing Regulations 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.

7.2.2 In addition to the above, the following kinds of transactions with related parties shall also be placed before the Board for its approval:

(a) Transactions which are in the ordinary course of business and at arm's length basis but which as per the Audit Committee requires Board approval;

(b) transactions in respect of which the Audit Committee is unable to determine whether or not they are in ordinary course of business and/or at arm's length basis and decided to refer the same to the Board for approval;

7.2.3 The Board of Directors shall consider the information/ documents pertaining to the Related Party Transactions placed before it and either approve or reject the same on merit.

7.2.4 If any director is interested in any Related Party Transaction with the Related Party he/she shall not be present at the Board Meeting, neither during the discussion on the subject matter, nor at the time of voting on the resolution relating to such Related Party Transaction.

Exclusions:

The following shall not be deemed as a Related Party Transactions-

- i. Any transactions that involves the providing of compensation to a director by way of salary, fee, commission, rent, perquisites, in connection with his or her duties to the Company;
- ii. Contributions made by the Company to a charitable organization, trust, foundations or university at which a related party is a trustee, director or employee other than key managerial personnel (or comparable position), provided that each such contribution, made in a particular financial year, does not exceed two percent (2%) of the Company's average net profit for the preceding three financial years;
- iii. Any transaction in which the related party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the related party.

7.3 Approval by the Shareholders:

7.3.1 The following Related Party Transactions, after the approval of Board shall also be placed before the shareholders for approval: ·

- a. All Material Related Party transactions and subsequent modifications as specified in Clause 4 of the Policy.
- b. All Related Party Transactions which are not in the ordinary course of business or not at arm's length and which are in excess of the limits prescribed under the Act requiring the approval of shareholders.

7.3.2 The Board of Directors shall decide whether the approval of the Related Party Transactions by the shareholders shall be sought at the General Meeting or through Postal Ballot in accordance with the Act and Rules there under.

7.3.3 If the approval of the shareholders is proposed to be sought, the Explanatory Statement shall be attached to such Notice, which, shall inter alia, include the following particulars name: ·

- a. A summary of the information provided by the management of the Company to the audit committee;
- b. Justification for why the proposed transaction is in the interest of the Company;
- c. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary, the details specified under point 7.2.4 (f) above; (The requirement of disclosing source of funds and cost of funds shall not be applicable to listed banks/NBFCs).
- d. A statement that the valuation or other external report, if any, relied upon by the Company in relation to the proposed transaction will be made

available through the registered email address of the shareholders;

e. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;

f. Any other information that may be relevant.

7.3.4 In case of all the material related party transactions requiring approval of the shareholders through resolution, no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

8. Ratification of Related Party Transactions in exceptional cases:

Any Related Party Transaction entered into by the Company with a Related Party, without obtaining the consent of Audit Committee or the Board of Directors or approval of shareholders in General Meeting, may in genuine cases be ratified by the Board of Directors, provided that such Director or any other employee who had authorised such transactions agrees to indemnify the Company against loss incurred by the Company on account of such ratification or related party transaction, if any.

The Board of Directors may at its discretion decide by a Resolution to ratify any contract or arrangement that was entered into by a Director or any other employee without obtaining the consent of the Board of Directors and accordingly such a transaction shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as post facto approval is provided promptly and reasonably practical.

9. Limitation and Amendment:

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 Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

10. General Exemption:

The provisions of regulation 23(2), (3) and (4) of the Listing Regulations shall not be applicable in case of transactions entered into between a holding company and its wholly owned subsidiary and between two wholly-owned subsidiaries, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

11. Disclosure:

11.1 The Company shall maintain a register pursuant to Section 189 of the Act and enter therein the particulars of all the Related Party Transactions with a Related Party.

11.2 Details of all Material Related Party Transactions shall be disclosed to the Stock Exchanges where the securities of the Company are listed, on quarterly basis

along with the compliance report on corporate governance pursuant to Listing Regulations.

- 11.3 The Company shall submit [enhanced disclosure of information related to RPTs to be provided to the stock exchanges every six months in the format specified by the SEBI with the following timelines:
 - i. within 15 days from the date of publication of financials;
 - ii. simultaneously with the financials w.e.f. April 1, 2023] and also publish the same on its website.
- 11.4 Disclosure regarding Related Party relationship and transactions to be made in the Financial Statements as required under the relevant/ applicable Indian Accounting Standards and / or Listing Regulations.
- 11.5 The particulars of the transactions with Related Parties shall be disclosed in the Board's Report under Section 134 of the Act.
- 11.6 The Company shall disclose policy on dealing with Related Party Transactions on its website and also in the Annual Report.

12. Miscellaneous:

- 12.1 This Policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the policy due to change in the Regulations or as may be felt appropriate by the Committee. Any changes or modification on the Policy as recommended by the Committee would be presented for approval of the Board of Directors. Provided that policy shall be reviewed by the Board of Directors at least once every three years and updated accordingly.
- 12.2 Dealing with Related Party Transactions shall be in accordance with the Companies Act, 2013 & Rules made there under, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, applicable Accounting Standards and other applicable provisions for the time being in force.
- 12.3 This policy shall be placed on the website of the company and may be amended as and when required subject to such amendments not being in contravention with any applicable laws for the time being in force.

Related Party Transactions Policy – Revised in February 01, 2025