

POLO QUEEN INDUSTRIAL AND FINTECH LIMITED

RELATED PARTY TRANSACTIONS POLICY

1. Preamble.

The Board of Directors (the “Board”) of Polo Queen Industrial and Fintech Limited (“the Company”) has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Audit Committee will review and may amend this policy from time to time. This policy will be applicable to the Company. 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. Purpose.

This policy is framed as per requirement of Regulation 23 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 entered by the Company with the Stock Exchanges and intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders. The Company is required to disclose each year in the Financial Statements certain transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

3. Definitions.

“**Audit Committee or Committee**” means Committee of Board of Directors of the company constituted under provisions of Listing Regulations and Companies Act, 2013.

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

“**Control**” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

“**Key Managerial Personnel**” means key managerial personnel as defined under the Companies Act, 2013 and includes

- (i) Managing Director, or Chief Executive Officer or manager and in their absence, a wholetime director;
- (ii) Company Secretary; and
- (iii) Chief Financial Officer

“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 ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the Company.

“Policy” means Related Party Transaction Policy.

“Related Party” means related party as defined in regulation 23 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 which is as follows:

An entity shall be considered as related to the Company if:

- (i) Such entity is a related party under section 2 (76) of the Companies Act, 2013; or
- (ii) Such entity is a related party under the applicable accounting standards.

Section 2(76) of the Companies Act, 2013, as referred above, defines Related Party as —

- (i) A Director 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 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 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; [Except advice, directions or instructions given in a professional capacity]
- (vii) Any person on whose advice, directions or instructions a director or manager is accustomed to act.[Except advice, directions or instructions given in a professional capacity]
- (viii) Any company which is a holding, subsidiary or an associate company of such company; or a subsidiary of a holding company to which it is also a subsidiary.
- (ix) A director other than an Independent Director or Key Managerial Personnel of the holding Company or his relative with reference to a Company.

“Relative”: with reference to any person, means who is related to another, if:-

- (i) They are members of a Hindu Undivided Family;
- (ii) They are Husband or Wife or
- (iii) One person is related to the another in the following manner, namely:-
 - a. Father, includes step-father.
 - b. Mother, includes step-mother.
 - c. Son, includes step-son.
 - d. Son’s wife.
 - e. Daughter.
 - f. Daughter’s husband.
 - g. Brother, includes step-brother.
 - h. Sister, includes step-sister.

“Related Party Transactions” As defined under regulation 23 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, means to include transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

Explanation: A transaction with a related party shall be construed to include single transaction or a group of transactions in a contract.

As per Sub Section (1) of Section 188 of the Act, shall means contracts or arrangements with related party with respect to:-

- (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) Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- (g) Underwriting the subscription of any securities or derivatives thereof, of the company.

4. Identification of Related Party:

Each director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee regarding persons and entities to be considered as “related Party” by virtue of his/her being Director/KMP in the entity or holding certain shareholding percentage. Such notice shall be provided to the company at the time of appointment and also at the time of first board meeting in every financial year and whenever there is any change in the disclosures already made.

5. Terms of the Policy:

- All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.
- All the Related Party Transactions proposed to be entered shall require prior approval of the Audit Committee including the transactions to be entered in the ordinary course of business. The Audit Committee shall accordingly recommend the Related Party Transaction for the approval of Board of Directors/ Shareholders as per the terms of this policy.
- All the Related Party Transactions prescribed under Section 188 of Companies Act, 2013 and within the threshold limits prescribed under rule 15 sub rule(3) of Companies (Meetings of Board and its Powers) Second Amendment Rules, 2014, shall alongwith the Audit Committee Approval shall also require approval of the Board of Directors.

- All the Material Related Party Transactions and Related Party Transactions, exceeding the threshold limits prescribed under rule 15 sub rule (3) of Companies (Meetings of Board and its Powers) Second Amendment Rules, 2014 shall require prior approval of the Audit Committee, Board of Directors and Shareholders of the Company by way of Ordinary Resolution as per Companies (Amendment) Act, 2015 with effect from 26th May 2015.
- However, Related Party Transactions which are either not at arm's length or not undertaken in the ordinary course of business shall require the prior approval of the Audit Committee, Board of Directors and the Shareholders by way of Ordinary Resolution in order to allow the Company to enter into arrangements/transactions/contracts with related party of the Company as per the prescribed provisions of Companies Act, 2013 alongwith the rules made thereunder and the Listing Agreement.

6. Review and Approval of Related Party Transactions:

All related party transactions must be reported to the Audit Committee for its prior approval in accordance with this policy. The Committee shall review the transaction and report the same for approval of the Board and shareholders, if required, in accordance with this policy.

Approval of Audit Committee :

All Related Party Transactions shall require prior approval of the Audit Committee. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to following conditions:

- 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.
- The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company
- 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; 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.
- Audit Committee shall review, atleast on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given i.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.

Approval of Board of Directors :

- 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 the Board to approve a Related Party Transaction, then the Board shall consider and approve the Related Party Transaction at a meeting and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.
- All the related party transactions prescribed under Section 188 of the Act, which are not in the ordinary course of business or not at Arm's Length Basis and all material related party transactions shall be brought before the Board and the Board shall consider and approve the related party transaction at a meeting.
- Any member of the Board who is interested or has potential interest (as mentioned under section 184(2) of the Act), in any related party transaction shall not be present at the meeting during discussions on the subject matter of the resolution relating to such related party transactions.

Approval of Shareholders:

- For the purpose of entering into the transactions mentioned under Sub section 1 of Section 188, **prior approval of the shareholders of the Company** by an Ordinary Resolution is required to be obtained in case:
- By the Company which is entering into transaction with the related party, where transaction or transactions to be entered into as contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of section 188 with criteria, exceeds above the limits as prescribed herein below:

Nature of Transaction	Limit
Sale, purchase or supply of any goods or materials directly or through appointment of agents	Exceeding 10% of the turnover or Rs.100 crore whichever is lower
Selling or otherwise disposing of, or buying, property directly or through appointment of agents	Exceeding 10%. of net worth or Rs.100 crore whichever is lower
Leasing of property	Exceeding 10% of the net worth or exceeding 10%. of turnover or Rs.100 crore whichever is lower
Availing or rendering of any services directly or through appointment of agents	Exceeding 10% of the turnover or Rs. 50 crore whichever is lower
Appointment to any office or place of profit in the Company, its subsidiary company or associate company	At a monthly remuneration exceeding two and half lakh rupees
Remuneration for underwriting the subscription of any securities or derivatives thereof of the company	Exceeding one percent. of the net worth

- The limits specified for transaction or transactions to be entered into either individually or taken together with the previous transactions during the year.
- Points of Consideration:
- Provisions of the section are applicable to all the Companies.
- The turnover or net worth referred in the section and ruled made there under shall be computed on the basis of Audited Financial Statement of the preceding financial year.
- Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.
- No member of the Company shall vote on the Ordinary Resolution, to approve any contract or arrangement which may be entered into by the company, if the member is a related party to such contract or arrangement.

Disclosures in the Agenda of Board meeting to consider the matter shall disclose:

- the name of the related party and nature of relationship;
- the nature, duration of the contract and particulars of the contract or arrangement;
- the material terms of the contract or arrangement including the value, if any;
- any advance paid or received for the contract or arrangement, if any;
- the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
- any other information relevant or important for the Board to take a decision on the proposed transaction.

Exceptions:

Nothing in this section shall apply to:

- the transactions entered into the normal course of business and that too on the Arm's Length Basis; and
- transactions between Holding Company and its Wholly Owned Subsidiary.

Penalty:

- Any director or any other employee of a company, who had entered into or authorized the contract or arrangement in violation of the provisions of this section shall,–
- (i) in case of listed company, be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than twenty-five thousand rupees but which may extend to five lakh rupees, or with both; and
- (ii) in case of any other company, be punishable with fine which shall not be less than twenty- five thousand rupees but which may extend to five lakh rupees.
