

# **NALWA SONS INVESTMENTS LIMITED**

## **POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS**

## **1 Preamble**

The Company is committed to upholding the highest ethical and legal conduct in fulfilling its responsibilities and recognizes that related party transactions can present a risk of actual or apparent conflicts of interest of the Directors, Senior Management etc. with the interest of the Company.

The Board of Directors of the Company, has adopted this policy and procedures for dealing with Related Party Transactions, in compliance with the requirements of Section 188 of the Companies Act 2013 and Rules made there under and any subsequent amendments thereto (the "Act") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ( the "Listing Regulations"), as may be amended from time to time, in order to ensure the transparency and procedural fairness of such transactions.

## **2 Objective**

This policy is intended to ensure proper approval and reporting of transactions as applicable, between the Company and any of its directors, officers or certain entities or persons related to them, in the best interest of the Company and its Stakeholders.

Provisions of this policy are designed to govern the transparency of approval process and disclosures requirements to ensure fairness in the conduct of related party transactions, in terms of the applicable laws. This Policy shall supplement the Company's other policies in force that may be applicable to or involve transactions with related persons. Further, the Board may amend this policy from time to time as may be required.

The Audit Committee of Directors ("Audit Committee"), shall review, approve and ratify Related Party Transactions based on this Policy in terms of the requirements under the above provisions.

## **3 Applicability**

This Policy shall come into force with effect from 01<sup>st</sup> December, 2015 and shall be applicable to the Related Parties, as defined hereinafter.

## **4 Transactions covered by this policy**

As per Companies Act, 2013, Transactions covered by this Policy include any contract or arrangement with a 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.

As per Listing Regulations, "related party transaction" means a transfer of resources, services or obligations between a listed entity and a related party, 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

Further, Transaction arising out of compromises, arrangements and amalgamations will not be in the ambit of this Policy.

## **5 Definitions**

- A. "Act" shall mean the Companies Act, 2013 and includes any amendment thereof.

All capitalized terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and the Rules there under, applicable Accounting Standards and the Listing Regulations, as amended from time to time.

## **6 Compliance Officer**

- 6.1** For purposes of this Policy, the Chief Financial Officer of the Company shall be the Compliance Officer. The Board may, where it is considered necessary so to do, appoint such other officer as it may consider proper as such Compliance Officer(s). The Compliance Officer shall report to the Chief Executive Officer of the Company.
- 6.2** The Compliance Officer shall be responsible for proper implementation of the Policy as approved by the Board/Committee of Directors; procedures, monitoring adherence to the rules of Related Party Transactions.
- 6.3** The Compliance Officer shall assist the Directors and Key Managerial Personnel and provide any clarifications on the provisions of this Policy.

## **7 Procedural Rules**

- 7.1** The Compliance Officer shall at all times maintain a database of Company's Related Parties containing the names of individuals and Companies, identified on the basis of the definition set forth in Companies Act/ Accounting Standards/Listing Regulation.

- 7.2** The Related Party List shall be updated whenever necessary and shall be reviewed at least once a year, as on 1<sup>st</sup> April.
- 7.3** Compliance Officer shall collate the information, coordinate and send the Related Party List to the concerned employees who he believes might be in the position to conduct or know of the possible conduct of Related Party Transactions.
- 7.4** For the purpose of implementing the provisions under this Policy, the Board and the Audit Committee of Directors of the Company shall receive timely, full and sufficient information about the Transactions covered under this Policy.

## **8 Approval of related party transactions**

### **A. Audit Committee**

- A.1.** All the transactions which are identified as related party transactions should be pre-approved by the Audit Committee before entering into such transaction. The Audit Committee shall consider all relevant factors while deliberating the related party transactions for its approval.
- A.2.** Any member of the Committee who has a potential interest in any related party transaction will rescue 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 of Directors or of shareholders as discussed subsequently.
- A.3.** The Audit Committee may grant omnibus approval for related party transactions which are repetitive in nature and subject to such criteria/conditions as mentioned under listing regulations and such other conditions as it may consider necessary in line with this policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.
- A.4.** Audit Committee shall review, on a quarterly basis, the details of related party transactions entered into by the Company pursuant to the omnibus approval. In connection with any review of a related party transaction, the Committee has authority to modify or waive any procedural requirements of this policy.
- A.5.** A related party transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Committee, will be placed before the Committee for ratification.

## **B. Board of Directors**

**B.1.** In case any related party transactions are referred by the Company to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length price, the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any related party transaction will rescue himself and abstain from discussion and voting on the approval of the related party transaction.

## **C. Shareholders**

If a related party transaction is (i) a material transaction as per listing regulations, or (ii) not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds prescribed under the Companies Act, 2013, it shall require shareholders' approval by a ordinary resolution. In such a case, any member of the Company who is a related party shall not vote on resolution passed for approving such related party transaction.

## **8 Reporting of related party transactions**

Particulars of contracts or arrangements with related parties covered under this Policy, requiring Shareholders' approval, shall be appropriately referred to in the Board's Report to the Shareholders along with the justification for entering into such contract or arrangement.

**This Policy shall be communicated to all operational employees and other concerned personnel of the Company.**