

N.B.I. Industrial Finance Company Limited

Policy on Related Party Transactions

Preamble

The Board of Directors of the Company has adopted the Policy and procedure with regard to the Related Party Transactions (stated below). The Policy envisages the procedure governing Related Party Transactions required to be followed by the Company to ensure compliance with the Applicable Laws.

Purpose

This Policy has been framed as per Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 w.e.f. 1st December, 2015 (as amended from time to time) (hereinafter referred as 'Listing Regulations'), which requires that all listed companies to formulate a Policy on materiality of related party transactions and on dealing with related parties. Apart from Listing Regulations, this Policy also takes into account the compliance requirements of the Companies Act, 2013 and Rules made thereunder with respect to Related Party Transactions.

Definitions

"Related Party" means and includes any person or entity who/which is a related party under Section 2(76) of the Companies Act, 2013 or Listing Regulations.

"Related Party Transaction" means a transaction involving a transfer of resources, services or obligations between:

- (i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- (ii) a listed entity 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 listed entity 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.

Exclusions: *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) corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding regarding:-

- 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.*

“Material modification(s)” means any modification made in the terms and conditions of any ongoing or proposed Related Party Transaction, as originally approved by the Audit Committee and/ or shareholders, as the case may be, having significant impact on the nature, value, tenure, exposure, or likely financial impact of such transactions. Provided further that the following shall not be considered as material modification(s):-

- (a) modifications which may be mandated pursuant to any change in law or constitution of parties
- (b) modifications pursuant to and in accordance with the terms of the approved transaction/contract, whether with or without mutual consent of parties, as the case may be.
- (c) Modifications which are purely technical and do not result in substantive change or alteration of rights, interest and obligations of any of the parties
- (d) Modifications uniformly affected for similar transactions with unrelated parties

The Audit Committee is empowered to define the material modifications from time to time.

“Material Related Party Transactions” means:-

- (a) any transaction to be entered into with a Related Party, value whereof individually or taken together with previous Related Party Transaction during a financial year, exceeds 10 (Ten) percent of the annual turnover of the Company, as per the last audited financial statements of the Company or such other threshold as may be laid down from time to time by Applicable Laws;
- (b) a transaction involving payments made to a Related Party with respect to brand usage or royalty if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds 5 (Five) percent of the annual turnover of the Company as per the last audited financial statements of the Company.

“Words and expressions used but not defined in this Policy shall have the same meaning as respectively assigned to them, in the Companies Act, 2013 and Rules framed thereunder and Listing Regulations, as amended, from time to time.”

Review and Approval of Related Party Transactions

(A) Transactions require approval/Review

1. All Related Party Transactions shall be reported to the Audit Committee and referred for approval/review by the Committee in accordance with this Policy.
2. Related Party Transactions and subsequent material modifications shall require prior approval of Audit Committee as per the provisions of the Companies Act, 2013 & Rules made thereunder and the Listing Regulations.
3. The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company in accordance with the conditions specified in Companies Act, 2013 & Rules made thereunder and Listing Regulations. Omnibus approval cannot be made for transactions in respect of selling or disposing of the undertaking of the Company.
4. Where the need of the related party transaction cannot be foreseen and all prescribed details are not available, the Audit Committee may grant omnibus approval subject to the value per transaction not exceeding Rs. 10,00,00,000/- (Rupees Ten Crore only) in a year subject to such aggregate value as specified by Audit Committee from time to time. The details of such transaction shall be reported to the Audit Committee for review on quarterly basis. Further, the Committee shall on an annual basis review and assess such transactions including the limits to ensure that they are in compliance with this Policy.
5. Approval of Board :- All the contracts/ arrangements prescribed under Section 188(1) of the Companies Act, 2013 and within the threshold limits prescribed under Rule 15 (3) of Companies (Meetings of Board and its Powers) Rules, 2014 (as amended from time to time), which are not in the ordinary course of business of the Company and/or on arm's length basis shall, in addition to the prior approval of the Audit Committee, also require prior approval of the Board of Directors of the Company.
6. Approval of Shareholders :- Following related party transactions require prior approval of Shareholder through Ordinary Resolution:-
 - (i) Material Related Party Transactions under the Listing Regulations
 - (ii) Related Party Transactions under the Companies Act, 2013, which are not in the ordinary course of business of the Company and/or on arm's length basis and exceed the threshold limit specified under Rule 15 (3) of Companies (Meetings of Board and its Powers) Rules, 2014 (as amended from time to time)
 - (iii) Any subsequent material modifications in the above transactions.

(B) Transactions which do not require approval

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of the Audit Committee, Board or the shareholders, as the case may be:

- (i) Any transaction involving the providing of compensation to a director or Key Managerial

Personnel in connection with his duties to the Company including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.

- (ii) Any Transactions or arrangements which are specifically dealt with by the Company under the provisions of specific laws and executed under separate approvals / procedures in terms of such laws. Examples, Contribution to Provident Fund, Superannuation Funds and Gratuity Fund, CSR Contribution, etc.

(C) Ratification of Related Parties

- (a) Ratification by Audit Committee-** In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this policy, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all the relevant facts and circumstances regarding the related party transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the related party transactions.

In any case, where the Audit Committee determines not to ratify a related party transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation by the defaulting person (as may be decided by the Audit Committee) to the related party or the Company as the case may be, etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of the Policy.

- (b) Ratification by the Board/ shareholders-** In a case where the aforesaid transaction has been ratified by the audit committee, the same shall also be required to be ratified by the board in case where the same is not in the ordinary course or at arm's length. Furthermore, if the said transaction is a material related party transaction, then the same will also be required to be placed before the shareholders for their approval.

Disclosures

Disclosures in respect of Related Party Transactions will be made in accordance with the applicable laws / regulations.

Nothing in this Policy shall override any provisions of Applicable Laws made in respect of any matter stated in this Policy. This Policy may be amended, modified or supplemented from time to time to ensure compliance with any modification, amendment or supplementation to the Listing Regulations or as may be otherwise prescribed by the Audit Committee/ Board from time to time. The Policy shall be reviewed by the Board of Directors at least once every three years. In case, pursuant to any amendment, the terms of this Policy become inconsistent with the provisions, the same will be deemed to reflect the amended provisions till the changes are carried out as mentioned above.
