

**NILKAMAL LIMITED**  
**POLICY ON MATERIALITY OF AND DEALING WITH RELATED PARTY**  
**TRANSACTIONS**

**TITLE**

This Policy shall be called 'Policy on materiality of Related Party Transactions and dealing with Related Party Transactions'.

**OBJECTIVE**

Related Party Transactions have been one of the major areas of focus for the corporate governance reforms being initiated by Indian legislature.

The changes introduced in the Corporate Governance norms through the Companies Act, 2013 and the revised Clause 49 of the Listing Agreement requires the companies to have enhanced transparency and due process for approval of the Related Party Transactions.

One such requirement is that the companies are required to formulate a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions

**DEFINITION**

1. **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.
2. **Audit Committee:** means the Committee of the Board constituted from time to time under the provisions of Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013
3. **Board:** means the Board of Directors of Nilkamal Limited.
4. **Company:** means Nilkamal Limited
5. **Material related party transaction:** means a transaction with a Related Party where the transaction/transactions to be entered into individually or taken together with previous transactions with a Related Party during a financial year, exceeds ten percent of the consolidated annual turnover of the Company as per the last audited financial statements of the Company.
6. **Policy:** means this Policy, as amended from time to time.
7. **Related party:** in relation to the Company means a party related with the Company in any of the ways as are laid down in section 2(76) of the Companies Act, 2013 and clause 49 of the listing agreement as amended from time to time

8. **Related party transaction:** in relation to the Company means a transaction with a Related Party under the relevant provisions of the Companies Act, 2013 or the listing agreement or any other related law, regulation, standard etc.
9. **Relatives:** means a relative as defined under the Companies Act, 2013 and includes anyone who is related in any of the following manner –
- a) Members of a Hindu undivided family;
  - b) Husband or wife;
  - c) Father (including step-father);
  - d) Mother (including step-mother);
  - e) Son (including step-son);
  - f) Son's wife;
  - g) Daughter;
  - h) Daughter's husband;
  - i) Brother (including step-brother); or
  - j) Sister (including step-sister).
10. **Transaction:** with a related party shall be construed to include a single transaction or a group of transactions.

The terms Director, Chief Financial Officer, Company Secretary, Key Managerial Personnel shall have the same meaning as assigned under the Companies Act, 2013.

### **IDENTIFICATION OF RELATED PARTY**

Every Director and Key Managerial Personnel will be responsible for providing a declaration in the format as per 'Annexure 1' containing the following information to the Company Secretary on an annual basis:

- 1. Names of his / her Relatives;
- 2. Partnership firms in which he / she or his / her Relative is a partner;
- 3. Private Companies in which he / she is a member or Director;
- 4. Public Companies in which he / she is a Director and holds along with his/her Relatives more than 2% of paid up share capital;
- 5. Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his / her advice, directions or instructions; and
- 6. Persons on whose advice, directions or instructions, he / she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity).

Every Director and Key Managerial Personnel will also be responsible to update the Company Secretary of any changes in the above relationships, directorships, holdings, interests and / or controls immediately on him / her becoming aware of such changes.

The suggested details and list of records and supporting documents which are required to be provided along with the Notice of the proposed transaction are provided in 'Annexure 2' to this Policy.

## **APPROVAL OF RELATED PARTY TRANSACTIONS**

Every Related Party Transaction entered into shall be subject to approval of the Audit Committee. The approval of the Audit Committee can be granted by way of a circular resolution.

The Board shall approve such Related Party Transactions as are required to be approved under Companies Act, 2013 and/or listing agreement and/or transactions referred to it by the Audit Committee.

Where any Director or Key Managerial Personnel is interested in any Related Party Transaction, such Director or Key Managerial Personnel will abstain from discussion and voting on the subject matter of the resolution relating to such Transaction.

Further, all Material Related Party Transactions shall require approval of shareholders of the Company through Special Resolution (unless it is exempted pursuant to the provisions of listing agreement) and the Related Parties shall abstain from voting on such resolution(s).

All Related Party Transactions (other than Material Related Party Transactions) pursuant to Section 188 of the Companies Act, 2013 which are not in the ordinary course of business or not an Arms' length transaction and cross the threshold limits prescribed under Companies Act, 2013 shall also require the approval of shareholders of the Company through Special Resolution and the Related Parties shall abstain from voting on such resolution(s).

The approval mechanism for Related Party Transactions shall be as stipulated in the provisions of Listing Agreement and/or Companies Act, 2013 and as amended from time to time.

## **AMENDMENTS**

The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.

## **INTERPRETATION**

- a) Any words used in this policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or Rules made thereunder, SEBI Act or Rules and Regulations made thereunder, Listing Agreement, Accounting Standards or any other relevant legislation / law applicable to the Company.
- b) In case of any dispute or difference upon the meaning/interpretation of any word or provision in this Policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee in such a case shall be final. In interpreting such term / provision, the Audit Committee may seek the help of any of the officers of the Company or an outside expert as it deems fit.

**ANNEXURE 1**  
**NOTICE OF INTEREST BY DIRECTOR / KEY MANAGERIAL PERSONNEL**

To,  
The Company Secretary/Compliance Officer  
Nilkamal Limited  
77/78, Nilkamal House,  
Road No. 13/14, MIDC,  
Andheri (East), Mumbai – 400 093.

Dear Sir,

I, \_\_\_\_\_, son/daughter/spouse of \_\_\_\_\_, resident of \_\_\_\_\_, holding \_\_\_\_\_ Equity Shares of Rs. 10/- each (\_\_\_\_\_percent of the paid-up Capital) in the Company in my name, being a \_\_\_\_\_ in the Company, hereby give notice that I am interested directly/through my Relatives (Schedule) in the following company or companies, body corporate, firms or other association of individuals:

Sr. No.	Name of the Companies/Bodies Corporate/Firms/ Association of Individuals	Nature of Interest or concern / Change in Interest or Concern	Shareholding	Date on which Interest or Concern arose/changed

The Following are the Bodies Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with any advice, directions or instructions;

Sr. No.	Name of the Body Corporate

I am accustomed to act on the advice, directions or instructions of the following persons (other than advice, directions or instructions obtained in professional capacity).

Sr. No.	Name of the person	Relation

Place:  
Date:

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Designation: \_\_\_\_\_

**SCHEDULE  
LIST OF RELATIVES**

No.	Relationship	Full Name	Address	Shareholding in Nilkamal Limited
1	Spouse			
2	Father (including Step-Father)			
3	Son (including Step-son)			
4	Daughter			
5	Daughter's Husband			
6	Brother (Including Step-Brother)			
7	Sister (Including Step-Sister)			
8	Mother (including Step-Mother)			
9	Son's Wife			
10	Members of HUF			

## ANNEXURE 2

INFORMATION TO BE PROVIDED TO THE AUDIT COMMITTEE / BOARD IN RELATION TO THE PROPOSED RELATED PARTY TRANSACTION (TO THE EXTENT RELEVANT TO THE TRANSACTION):

1. Name of the Related Party and nature of relationship;
2. Nature and duration of the contract/transaction and particulars thereof;
3. Material terms of the contract or arrangement or transaction including the value, if any;
4. In case of existing or approved contracts, transactions, details of proposed variations to the duration, current price / value and / or material terms of the contract or arrangement including a justification to the proposed variations;
5. Any advance paid / received or to be paid / received for the contract or arrangement, if any;
6. Manner of determining the pricing and other commercial terms, whether or not included as part of contract;
7. Copy of the draft MOU, agreement, contract, purchase order or correspondence etc. if any.
8. Applicable statutory provisions, if any;
9. Valuation reports in case of sale or purchase or leasing / renting of capital assets or securities;
10. Justification as to the arm's length nature of the proposed transaction;
11. Declaration whether the transaction is in the ordinary course of business;
12. Persons / authority approving the transaction; and
13. Any other information relevant or important for the Committee / Board to take a decision on the proposed transaction.