



POLICY ON RELATED PARTY TRANSACTIONS

Corporate Identification Number [CIN]: L45201GJ1990PLC013417

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The Board of Directors (the “Board”) of Nila Infrastructures Limited (the “Company”) has adopted the following policy and procedures with regard to Related Party Transactions as defined below. Audit Committee will review and may recommend amendment in this policy from time to time.

This policy will be applicable to the Company w.e.f May 29, 2014. This policy is intended to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations to the Company and also provides for materiality of related party transactions.

1. OBJECT:

This policy is framed based on the provisions contained in the Companies Act, 2013 and Rules made there under and in view of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 (as amended from time to time). It is primarily intended to ensure the proper governance and timely reporting of transactions between the Company and its Related Parties.

2. DEFINITIONS:

- a) **“Audit Committee”** means “Audit Committee” constituted by the Board of Directors of the Company under provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.
- b) **“Arms’s Length Transactions”** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- c) **“Board of Director” or “Board”** means the Board of Directors of Nila Infrastructures Limited, as constituted from time to time.
- d) **“Key Managerial Personnel” or “Key Management Personnel (KMP)”** means Key Managerial Personnel as defined under the Companies Act, 2013 and the Rules made there under.
- e) **“Policy”** means Related Party Transaction Policy.
- f) **“Related Party”** an entity shall be considered as related to the Company if:
 - (i) Such entity is related party under Section 2(76) of the Companies Act, 2013; or
 - (ii) Such entity is a related party under the applicable accounting standards

Explanation:

“Related Party with reference to Section 2(76) of Companies Act, 2013, means

- (i) a director or his relative;
- (ii) a key managerial personnel (KMP) 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 or his relative 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 company which is—
 - a) a holding, subsidiary or an associate company of such company; or
 - b) a subsidiary of a holding company to which it is also a subsidiary;
- (ix) Such other persons as may be prescribed.

g) “Related Party Transaction” means transaction in the nature of contract or arrangement involving 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.

h) **“Relatives”** with reference to any person, means anyone who is related to another,

if—

- (i) they are members of a Hindu Undivided Family;
- (ii) they are husband and wife; or
- (iii) one person is related to the other the following manner:
 - (a) Father (including step-father)
 - (b) Mother (including step-mother)
 - (c) Son (including step-son)
 - (d) Son’s wife
 - (e) Daughter
 - (f) Daughter’s husband

- (g) Brother (including step-brother)
- (h) Sister (including step-sister)

3. POLICY AND PROCEDURE:

All Related Party Transactions must be reported to the Audit Committee for its approval in accordance with this Policy.

3.1 Identification of Potential Related Party Transactions:

- a) Each director and Key Managerial Personnel is responsible for providing notice to the Company Secretary of any potential Related Party Transaction involving him/her or his or her relative, including any additional information about the transaction that the Board/Audit Committee may request, for being placed before the Audit Committee and the Board. The Board shall record the disclosure of interest and the Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.
- b) Each director/Key Managerial Personnel is responsible for providing written notice to the Company Secretary of any potential Related Party Transaction involving him or her or his or her relatives, including any additional information about the transaction that the Company Secretary may reasonably request. The Company Secretary in consultation with other members of management and with the Audit Committee, as may be deemed appropriate, will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.
- c) Every director/ Key Managerial Personnel of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contracts or arrangement.
- d) Where any director/ Key Managerial Personnel, who is not so concerned or interested at the time of entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of Board held after he becomes so concerned or interested.
- e) A contract or arrangement entered into by the company without disclosure or with participation by a Director/Key Managerial Personnel who is concerned or interested in any way, directly or indirectly, in the contract or arrangement, shall be voidable at the option of the Company.
- f) The Company strongly prefers to receive such notice of any potential Related Party transaction well in advance so that the Company Secretary has adequate time to obtain and

review information about the proposed transaction and other matter incidental thereto and refer it to the appropriate approval authority. Ratification of a Related Party Transaction after its commencement or even its completion may be done by the appropriate authority as it may deem fit.

3.2 Review and Approval of Related Party Transactions:

I. All Related Party Transactions or changes therein must be reported by the Chief Financial Officer and/or Head of Accounts Department to the Company Secretary. Thereafter, such transactions shall be referred for prior approval by the Audit Committee in accordance with this Policy at its meeting or by resolutions by circulation. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

- 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 the need for such omnibus approval and that such approval is in the interest of the company;
- c) 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.

- d) Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval 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.

Any member of the Committee who has a potential interest in any Related Party Transaction will abstain from discussion and voting on the approval of the Related Party Transaction.

II. To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters. The information provided shall

specifically cover the following:

- a. the name of the related party and nature of relationship;
- b. the nature, duration of the contract and particulars of the contract or arrangement;
- c. the material terms of the contract or arrangement including the value, if any;
- d. any advance paid or received for the contract or arrangement, if any;
- e. the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- f. 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
- g. any other information relevant or important for the Committee to take a decision on the proposed transaction.

III. In determining whether to approve a Related Party Transaction, the Audit Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- a. Whether the transactions is to be entered into by the Company in its ordinary course of business;
- b. Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- c. Whether there are any undue compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- d. Whether the Related Party Transaction would affect the independence of the directors/KMP;
- e. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- f. Where the ratification of the Related Party Transaction is allowed by law and is sought from the Committee, the reason for not obtaining the prior approval of the Committee and the relevance of business urgency and whether subsequent ratification would be detrimental to the Company; and
- g. Whether the Related Party transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, Executive Officer or other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the

ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.

- IV. If the Committee determines that a Related Party Transaction should be brought before the Board or the Board in any case elects to review any such matter the Board shall consider and approve the Related Party Transaction at a meeting and the considerations set forth above to the Audit Committee shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.
- V. Following related party transactions shall be brought before the Board mandatorily under Companies Act, 2013:
 - 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:
- VI. All the Material Related Party Transactions i.e. transaction/transactions to be entered into individually or taken together with previous transaction during a financial year, exceeding the limit as may be prescribed under the applicable laws from time to time shall require approval of the shareholders through resolution and the Related Parties shall abstain from voting on such resolution.

Explanations:

Transaction to be entered into with related party shall be considered as individually or taken together with the previous transactions during a financial year.

3.3 Decision regarding transaction in ordinary course of business and on arm's length basis:

The Audit Committee or the Board shall, in respect of the related party transactions referred to them for approval, shall after considering the materials placed before them, shall judge if the transaction is in the ordinary course of business or at arm's length basis. In case the Audit Committee is not able to arrive at such a decision, the same shall be referred to the Board, which shall decide if the transaction is in ordinary course of business and at arm's length basis.

In case the Board is not able to arrive at such a decision, the same shall be decided by the Independent Directors, whose decision shall be final.

4. RELATED PARTY TRANSACTION NOT APPROVED UNDER THIS POLICY:

4.1 In case of Audit Committee:

In the event the Audit Committee becomes aware of a transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all of 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 Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the 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 for the loss suffered by the related party etc. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

4.2 In case of Board of Director:

Where any contract or arrangement is entered into by a director or any other employee without obtaining the consent of the Board, the same may be ratified by the Board. If it is not ratified by the Board then such contract or arrangement shall be voidable at the option of the Board.

4.3 In case of Shareholders:

Where any contract or arrangement is entered into by a related party without obtaining approval by a Resolution in the general meeting and if it is not ratified by the Shareholders within three (3) months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board.

If the contract or arrangement is with a related party to any director, or is authorized by any other director, the directors concerned shall indemnify the Company against any loss incurred by it.

5. DISCLOSURES:

- 5.1 Details of all Material Related Party Transactions shall be disclosed quarterly along with Company's Compliance Report on Corporate Governance, in accordance with the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements)

Regulations, 2015.

- 5.2 The Company is also required to disclose this Policy on its website i.e. www.nilainfra.com and a web link thereto shall be provided in the Annual Report of the Company.
- 5.3 The Company is required to disclose every contract or arrangement entered into with related party as prescribed under provision of Companies Act, 2013 in the Company's Board's Report to shareholders of the Company at the Annual General Meeting.
- 5.4 The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any related party as prescribed under Section 189 of Companies Act, 2013 and Rules made there under as amended from time to time and ensure strict compliance thereof.
