



POLICY ON RELATED PARTY TRANSACTIONS

Niraj Cement Structurals Limited

Pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

1) INTRODUCTION OF THE POLICY

Pursuant to Regulation 23(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations (Listing Regulations), 2015, the Company is required to formulate a policy on materiality of related party transactions and dealing with related party transactions.

The Company has formulated guidelines for identifying related parties and maintaining proper documentation of all related party transactions in compliance with the provisions of Section 188 of the Companies Act, 2013 read with the Rules made thereunder and Regulation 23 of the Listing Regulations.

The Policy provides a framework for governance and reporting of related party transactions, including material transactions.

2. OBJECTIVE OF THE POLICY:

The Policy sets out the manner of dealing with the transactions between the Company and its related parties in compliance with the applicable laws and regulations as may be amended from time to time.

3) DEFINITIONS:

- a) “Board” means the Board of Directors as defined under the Companies Act, 2013.
- b) “Audit Committee” means the Committee of the Board constituted from time to time under Regulation 18 of the Listing Regulations and Section 177 of the Companies Act, 2013.
- c) “Control” shall have the same meaning as defined in the SEBI (Substantial Acquisition and Takeover) Regulations, 2011.
- d) “Key Managerial Personnel” shall mean Key Managerial Personnel as defined under Section 2(51) of the Companies Act, 2013.
- e) “Employees” shall mean employees and office-bearers of the Company, including but not limited to Directors.
- f) The terms “Director means a director appointed to the Board of a company.
- g) Company Secretary as defined in clause (c) of sub-section (1) of section 2 of the Company Secretaries Act, 1980 (56 of 1980) who is appointed by a company to perform the functions of a company secretary under this Act;],

h) "Chief Financial Officer" means a person appointed as the Chief Financial Officer of a company.

i) "Arm's length Transactions" means a transaction between two Related Parties that is conducted as if they are unrelated so that there is no conflict of interest.

j) "Ordinary course of business" means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as enunciated in the Memorandum and the Articles of Association. The Board and the Audit Committee may lay down principles for determining in the ordinary course of business in accordance with statutory requirements and other industry practices and guidelines.

k) "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 during a financial year, exceeds rupees one thousand crore or ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company, whichever is lower.

l) "Related Party" means a related party as defined under Section 2 of the Companies Act, 2013 and under Regulation 2(1)(zb) of the Listing Regulations and/or under the applicable Accounting Standards, as amended from time to time.

m) "Related Party Transaction" ("RPT") shall mean such transactions as specified under Section 188 of the Companies Act, 2013 or Rules made thereunder and under Regulation 2(1)(zc) of the Listing Regulations, including any amendment or modification thereof. Regulation 2(1)(zc) states that "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.

Provided that 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) The following corporate actions which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - 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.
- c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board
- d) Acceptance of current account deposits and saving account deposits by banks in compliance with the directions issued by the Reserve Bank of India or any other central bank in the relevant jurisdiction from time to time: Explanation: For the purpose of clauses (c) and (d) above, acceptance of deposits includes payment of interest thereon.
- e) retail purchases from any listed entity or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors: Further, unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013/ Listing Regulations as may be amended from time to time and shall have the meaning respectively assigned to them therein.

4) IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

Each director and Key Managerial Personnel is required to give notice of disclosure of interest under section 184 of the Companies Act 2013, along with their list of relatives to the Company. The Company shall collate the data and shall at all times maintain database of Company's Related Parties and shall ensure that no transaction is entered into with any Related Party without requisite approvals. Further each director, KMP is also responsible for providing notice to the Board or Audit Committee of any potential RPT involving him or her or his or her relative, including any additional information about the transaction that Board/Audit Committee may reasonably request.

5). PROCEDURE FOR APPROVING RELATED PARTY TRANSACTIONS:

a) Approval by the Audit Committee of the Company

The RPT would be approved by only the Independent members of Audit Committee as per Regulation 23(2) of SEBI (LODR) Regulation, 2013.

All Related Party Transactions and their subsequent material modifications shall require prior approval of the Audit Committee whether at a meeting or by resolution by circulation or any other manner as provided by the Companies Act, 2013 along with Rules made thereunder, or by Secretarial Standards, or as per Regulation 23(2) of SEBI (LODR) Regulations, 2013. Prior approval of the Audit Committee shall also be required for the following Related Party Transactions:

(a) A related party transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the audit committee of the Company, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

In case any member of the Committee is interested in the transaction proposed for approval, the interested member shall abstain from voting and only the dis-interested members shall vote on the resolution.

(b) remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material in terms of the limit of materiality as stated above.

(c) The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

(i) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;

(ii) the transaction is not material in terms of the provisions of sub-regulation (1) of this regulation;

(iii) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;

(iv) the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of this regulation;

(v) any other condition as specified by the audit committee:

The Audit Committee may grant omnibus approval for related party transactions proposed to be entered into by the Company subject to the following conditions:

- i. The Audit Committee shall lay down the criteria for granting omnibus approval in line with the policy on related party transactions and such approval shall be applicable in respect of transactions which are repetitive in nature;
- ii. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- iii. Such omnibus approval shall specify
 - (a) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into,
 - (b) the indicative base price / current contracted price and the formula for variation in the price, if any and
 - (c) 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, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction;

The Company shall provide the following information, for review of the audit committee for approval of a proposed RPT:

- i. Type, material terms and particulars of the proposed transaction;
- ii Name of the related party and its relationship with the company or its subsidiary, including nature of its concern or interest (financial or otherwise);
- iii. Tenure of the proposed transaction (particular tenure shall be specified);
- iv. Value of the proposed transaction;
- v. The percentage of the company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- vi. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the company or its subsidiary;

- (a) Details of the source of funds in connection with the proposed transaction;
- (b) Where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
- nature of indebtedness;
 - cost of funds; and
 - tenure;
- (c) Applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
- (d) The purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- vii. Justification as to why the RPT is in the interest of the listed entity;
- viii. A copy of the valuation or other external party report, if any such report has been relied upon;
- ix. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- x. Any other information that may be relevant
- The basic criteria for providing omnibus approval shall be that the proposed transactions are repetitive in nature and are in the interest of the Company.
 - In case the need for Related Party Transaction cannot be foreseen, audit committee may grant omnibus approval for such transactions subject to their value not exceeding Rupees one crore per transaction.
 - Any member of the Audit Committee having potential interest in any RPT shall recuse himself and abstain from discussing and voting on the approval of the concerned RPT.
 - The Audit committee shall review on a quarterly basis, the details of RPT entered into by the Company or its subsidiary pursuant to each of the omnibus approvals given. In connection with any review of RPT, the committee has authority to modify or waive any requirement of this policy. The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.
 - Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
 - Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.
 - The Audit Committee shall recommend the RPT for approval of Board of Directors/ Shareholders as may be required.

b) Approval by the Board of Directors of the Company

Pursuant to the provisions of Section 188 of the Companies Act, 2013, all transactions specified under the said Section which are not in the ordinary course of business and on arm's length, shall be placed before the Board for its approval.

The following transactions with related parties shall also be placed before the Board for its approval:

- Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or on arm's length and decides to refer the same to the Board for approval;
- Transactions which are in the ordinary course of business and on arm's length, but which in the view of the Audit Committee requires approval of the Board; and
- Related party transactions which are to be mandatorily approved by the Board under any law.

c) Approval of the Shareholders of the Company

All material related party transactions shall require approval of the shareholders and no related party shall vote to approve such resolution whether the entity is a related party to the particular transaction or not.

- I. All Material RPTs and subsequent material modifications as defined in this Policy require prior approval of the shareholders through a resolution.
- II. All entities falling under the definition of "related parties" shall not vote to approve such resolution whether the entity is a party to the particular transaction or not.
- III. Information to be provided to shareholders for consideration of RPTs: The notice being sent to the shareholders seeking approval for any proposed RPT shall, in addition to the requirements under the Companies Act, 2013, include the following information as a part of the explanatory statement:
 - a. A summary of the information provided by the management of the listed entity to the audit committee;
 - b. Justification for why the proposed transaction is in the interest of the listed entity;
 - c. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary, the details specified under point 4(f) above; (The requirement

of disclosing source of funds and cost of funds shall not be applicable to listed banks/NBFCs.)

- d. A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- e. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
- f. Any other information that may be relevant.

6) RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a RPT with a Related Party that has not been approved as per this Policy, the matter shall be reviewed by the Audit Committee. The Committee shall consider all of the relevant facts and circumstances regarding the RPT, and shall evaluate all options available to the Company, including ratification by it or recommending the Board for their ratification or seeking approval of Shareholders, revision or termination of the RPT. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such RPT to the Committee under this Policy, and shall take any such action it deems appropriate. The Committee has authority to modify or waive any procedural requirements of this Policy. Following transactions not to be considered as Related Party Transactions: Notwithstanding the foregoing,

The following Related Party Transactions shall not require approval of Audit Committee, Board of Directors or Shareholders:

- a. Any transaction that involves the providing of compensation in connection with his or her duties to the Company or to any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- b. Reimbursement made of expenses incurred by a Related Party for business purpose of the Company, or Reimbursement received for expenses incurred by the Company on behalf of a Related Party.
- c. Reimbursement of pre-incorporation expenses incurred by or on behalf of a Related Party.
- d. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities Related Party receive the same benefits pro rata as the

e. Any other exception which is consistent with the Applicable Laws, including any rules or regulations made thereunder, and does not require prior approval by the Audit Committee.

f. Transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

g. Transactions entered into between two wholly-owned subsidiaries of the company whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval.

7) DISCLOSURES:

- Every Director and Key Managerial Personnel (KMP) shall disclose the parties in which they are deemed to be interested.
- Every Director and KMP shall promptly notify the Secretarial Department of any material transaction or relationship that could reasonably be expected to give rise to a conflict of interest.
- Each related party transaction, which requires approval of the Board, shall be referred to in the Board's report in the prescribed form together with justification for entering into such contract or arrangement. The Company shall also maintain the Register in the prescribed form.
- The Company shall submit to the stock exchanges and publish on its website, within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results.
- The Company shall disclose the policy on dealing with related party transactions on its website and a web-link thereto shall be provided in the Annual Report.

8) REVIEW AND AMENDMENT OF THE POLICY

Any subsequent amendment/modification in the Companies Act, 2013 or the Rules framed thereunder or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

The Board of Directors on recommendation of the Audit Committee shall review the policy atleast once in every three years. However, the Board of Directors reserves its right to amend or modify the policy in whole or in part, at any time without assigning any reason whatsoever.