

NG INDUSTRIES LTD

CIN: L74140 WB 1994 PLC 065937, GSTIN: 19AABCN6332QIZX

Phone: 033 2419 7542, +91 80175 20040, +91 83358 20040

email: ngmail@ngil.co.in, website: www.ngind.com

1st Floor, 37A Southern Avenue, Kolkata – 700 029 (Renamed as Dr. Meghnad Saha Sarani)

Policy on Related Party Transactions

A. PREAMBLE

N G Industries Limited (“NGIL”) is dedicated to the highest standard of ethics and integrity and has successfully applied these standards to the business. NGIL has always been committed to good corporate governance including matters relating to transactions with related parties.

Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 (“the Act”) read with the Rules framed thereunder and Regulation 23 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), NGIL has formulated guidelines for identification of related parties and proper conduct and documentation of all related party transactions. Also, Regulation 23 of Listing Regulations requires a company to formulate a policy on materiality of related party transactions and dealing with related party transactions.

In light of the above, NGIL has framed this Policy on Related Party Transactions (“Policy”). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee.

B. OBJECTIVE

This Policy is designed to govern the transparency of approval process and disclosure requirements to ensure fairness in conduct of related party transactions. The objective of this Policy is to set out: -

- (a) Materiality thresholds for related party transactions; and
- (b) Manner of dealing with the transactions between the Company and its related parties based on the Act, Regulation 23 of Listing Regulations and any other laws and regulations as may be applicable to the Company, from time to time.

C. DEFINITIONS

“Arms 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.



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“Audit Committee” means the Committee of the Board formed under Section 177 of the Act and Regulation 18 of Listing Regulations.

“Board” means the Board of Directors of the Company.

“Key Managerial Personnel” (“KMP”) includes

- i. the Chief Executive Officer or the Managing Director or the Manager;
- ii. the Whole-time Director;
- iii. the Company Secretary
- iv. the Chief Financial Officer

“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 per its Memorandum & Articles of Association.

“Related Party” with reference to a Company, shall have the same meaning as defined in Section 2(76) of the Companies Act, 2013 and Regulation 2(zb) of Listing Regulations.

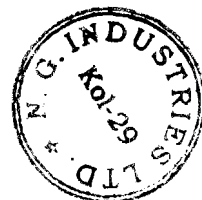
“Related Party Transaction” means –

- i. for the purpose of the Act, specified transaction mentioned in clause (a) to (g) of sub-section 1 of section 188;
- ii. for the purpose of Regulation 23 and defined under Regulation 2(zc) of Listing Regulations, any transaction involving any Related Party which is a transfer of resources, services or obligations between a Company and a related party, regardless of whether a price is charged.

A **“transaction”** with a related party shall be construed to include a single transaction or a group of transactions in a contract.

D. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

- i. The Director – Finance & CFO and the Company Secretary shall at all times maintain a data base of the Company’s Related Parties containing names of individuals, firms, private companies, public companies etc., identified on the basis of declarations made by the Directors & KMP from time to time. The List of Related Parties shall be updated as and when necessary and shall be reviewed on a quarterly basis.
- ii. The List of Related Parties and any amendments thereto will be updated in every quarter.



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- iii. Prior to entering into transactions with Related Parties the concerned Divisional Head will send the details of the draft contract, basis of pricing and other supporting documents to Director-Finance & CFO and the Company Secretary promptly.
- iv. All Executive Directors of the Company will certify to the Audit Committee as to whether the transactions are being entered into in the ordinary course of business and at arms' length basis without any conflict of interest.

E. MATERIALITY THRESHOLDS

Regulation 23 of Listing Regulations requires a company to provide materiality thresholds for transactions beyond which the shareholders' approval will be required by way of a resolution. Presently, the Company has fixed its materiality threshold at 10% of the annual consolidated turnover of the Company as per last audited financial statements of the company. However, payments for brand usage/royalty to related party exceeding 2% of consolidated Turnover will also be considered as material Related Party Transaction.

In case of any change in the materiality thresholds by way of amendment in the Listing Regulations the revised thresholds will be applicable automatically.

F. PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTIONS

I. Approval of Audit Committee

1. All related party transactions will be placed for prior approval of the Audit Committee.
2. The Company may obtain omnibus approval from the Audit Committee for related party transactions proposed to be entered into by the Company based on the criteria as approved by the Board of Directors, from time to time, subject to the following conditions:
 - i. The Audit Committee shall satisfy itself that the transactions are repetitive in nature and that such approval is in the interest of the company;
 - ii. The Omnibus approval shall provide: -
 - a) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;



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- b) the indicative base price/current contracted price and any probable variation thereto;
- 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, audit committee may grant omnibus approval for such transaction subject to their value not exceeding rupees one crore per transaction.

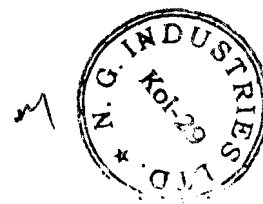
- iii. The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approval given; and
- iv. Such omnibus approval shall be valid for a maximum period not exceeding one financial year and shall require fresh approval after expiry of such financial year.

II. Approval of Board of Directors

All transactions specified under section 188 of the Companies Act, 2013 and which are not in the ordinary course of business or not at arm's length basis, will be placed before the Board for its approval.

III. Approval of Shareholders

- i. All the transactions with related parties, meeting the materiality thresholds shall be placed before the shareholders for approval.
- ii. For this purpose, all entities falling under the definition of related parties shall not vote to approve irrespective of whether the entity is a party to the particular transaction or not.
- iii. In addition to the above, all transactions specified under section 188 of the Act which are not in the ordinary course of business or at arm's length basis and exceed the threshold laid down in Companies (Meeting of Board and its Powers) Rules, 2014. as amended, are to be placed before the shareholders for its approval.
- iv. As provided in Regulation 23 of Listing Regulations the requirement for seeking shareholders' approval shall not be applicable to transaction between the Company and its wholly owned subsidiary/ies whose accounts are consolidated with the Company and placed before the shareholders for approval.



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G. DISCLOSURES

- i. The Company shall also disclose, in the Board's Report, transactions prescribed in section 188(1) of the Act with related parties, which are not in the ordinary course of business or not on an arm's length basis along with the justification for entering into such transaction.
- ii. The Company shall disclose this policy relating to RPT on its website and a link for this shall also be given in the Annual Report.

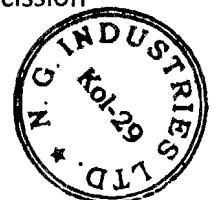
H. FOLLOWING TRANSACTIONS NOT TO BE CONSIDERED AS RPT

Notwithstanding the foregoing, the following RPT shall not require approval of Audit Committee:

1. Any transaction that involves the providing of compensation to a director or key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
2. 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 receive the same benefits pro rata as the related party.
3. Any transaction arising out of compromise, arrangements and amalgamations dealt with under specific provisions of the companies act, 1956/companies act, 2013.
4. Transaction 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.

I. RPT NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a related party 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 shall take such action as it deems appropriate. In case the Committee determines not to ratify a related party transaction that has been commenced without approval, the Committee, as it may deem appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission



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of the transaction. In connection with any review of a related party transaction, the Committee has authority to modify or waive any procedural requirements of this policy.

J. EXEMPTIONS

Nothing contained in this policy shall apply to any contract or arrangement—

- a. In the ordinary course of its business;
- b. At arms' length price;
- c. Service availed in a professional capacity from body corporate/person;
- d. The following transaction(s) undertaken by the Independent Director with the Company or its holding, subsidiary or associate company or their promoters or directors during the year and during two immediately preceding financial years shall not fall in the ambit of pecuniary relationship with the Company:
 - i. Transaction(s) done in the ordinary course of business at arm's length;
 - ii. Receipt of remuneration by way of sitting fees;
 - iii. Re-imburement of expenses for attending board and other meetings;
 - iv. Any profit related commission as approved by members.

K. AMENDMENTS

The Board of Directors reserve the rights to amend, suspend, review, modify or rescind this policy in whole or in part, at any time without, assigning any reason whatsoever. In case of any amendment to the provisions relating to related parties in the Act and the Rules made thereunder or the Listing Regulations, this Policy shall stand amended/modified accordingly. However, the policy has to be reviewed at least once in every three years

The policy was initially approved by Board at its meeting held on 13th November, 2014 and subsequently amended on:

- i. 1st amendment – 14.02.2020 (Ver.2)

**On and Behalf of the Board of Directors
For N G Industries Limited**



**Rajesh Goenka
Whole-time Director
Place: Kolkata**