POLICY ON RELATED PARTY TRANSACTIONS

1) SCOPE AND PURPOSE OF THE POLICY

Related party transactions (RPT) can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 ("**Act**") read with the Rules framed there under and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR"), Nihar Info Global Limited ("the Company") has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

Also, LODR requires a company to formulate a policy on materiality of related party transactions and dealing with related party transactions

In light of the above, the company 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. The Audit Committee may, if thought fit, review and amend the Policy, as and when required, subject to the approval of the Board.

2) OBJECTIVE OF THE POLICY

The objective of this Policy is to set out (a) the materiality thresholds for related party transactions and; (b) the manner of dealing with the transactions between the Company and its related parties based on the Act and LODR.

3) DEFINITIONS

As per LODR, related parties are defined as follows:

• Entities covered under section 2 (76) of the Companies Act 2013, and

• Entities who are related parties under the applicable accounting standards i.e. Accounting Standard 18 (AS 18)

Related Party as per the Act

As per section 2(76), related party with reference to a Company, 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 or his relative is a member or director;

(v) a public company in which a director or manager 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 person as may be prescribed

Relative:

As per section 2(77) of the Act, relative 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 in such manner as may be prescribed

Subsidiary:

As per Section 2 (87) of the Act subsidiary company or subsidiary, in relation to any other company (that is to say the holding company), means a company in which the holding company—

(i) controls the composition of the Board of Directors; or

(ii) exercises or controls more than one-half of the total share capital either at its own or together with one or more of its subsidiary companies:

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

Explanation.—For the purposes of this clause,—

(a) a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another subsidiary company of the holding company;

(b) the composition of a company's Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;

(c) the expression "company" includes any body corporate;

(d) "layer" in relation to a holding company means its subsidiary or subsidiaries;

As per section 2 (51) of the Act, Key Managerial Personnel means:

(i) the Chief Executive Officer or the managing director or the manager;

(ii) the company secretary;

(iii) the whole-time director;

(iv) the Chief Financial Officer; and

(v) such other officer as may be prescribed;

Chief Executive Officer under section 2(18) means an officer of a company, who has been designated as such by it.

Chief Financial Officer under section 2 (19) means a person appointed as Chief Financial Officer of the company

Managing Director under section 2(54) means a director who, by virtue of the articles of a company or an agreement with the company or a resolution passed in its general meeting, or by its Board of Directors, is entrusted with substantial powers of Management of the affairs of the company and includes a director occupying the position of managing director, by whatever name called

Definition of Related Party Transaction as per LODR

A related party transaction 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 considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year exceed ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.

Definition of Related Party as per Accounting Standard 18:

As per Paragraph 3 of Accounting Standard 18 issued by the Institute of Chartered Accountants of India, related parties are as described in (a) to (e) below:

(a) enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise (this includes holding companies, subsidiaries and fellow subsidiaries);

(b) associates and joint ventures of the reporting enterprise and the investing party or venture in respect of which the reporting enterprise is an associate or a joint venture;

(c) individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual;

(d) key management personnel and relatives of such personnel; and

(e) enterprises over which any person described in (c) or (d) is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise.

4) MATERIALITY THRESHOLDS

LODR requires a company to provide materiality thresholds for transactions beyond which the shareholders' approval will be required by way of a resolutions and the related parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not. The Company has fixed the materiality thresholds at 10% of the annual consolidated turnover of the company as per last audited financial statements

Rule 15 of the Act also specifies the materiality limit for specific transactions that require shareholder's approval. The same are detailed in clause 6 (c).

5) MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

All Related Party Transactions should be reported to the Audit Committee for approval. When required, the Audit Committee shall further refer such transactions to the Board of Directors or shareholders, in accordance with this Policy.

a) Identification of related parties

The Company has formulated guidelines for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and LODR.

b) Identification of related party transactions

The Company has formulated an automated process for identification of related party transactions in accordance with Section 188 of the Act and LODR. The Company has also formulated a process for determining whether the transaction is in the ordinary course of business and at arm's length basis. For this purpose, the Company seeks external professional opinion, as necessary.

c) Procedure for approval of related party transactions

(i) Approval of the Audit Committee

Companies Act 2013 requirements

As per section 177 of the Act, all transactions with related parties or any subsequent modification require approval of Audit Committee.

SEBI requirements:

All related party transactions require prior approval of the Audit Committee. However, the Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:

- The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the Policy and such approval shall be applicable in respect of repetitive transactions;
- The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- The omnibus approval shall provide details of (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.

However, in case of related party transactions which cannot be foreseen and where the above details are not available, Audit Committee may grant omnibus approval provided the value does not exceed Rs.1 crore per transaction;

- 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;
- Such omnibus approval shall be valid for 1 year.

Provided that none of the above is for transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

(ii) Approval of the Board of Directors

Section 188 of the Act specifies certain kinds of transactions which, if they are not in the ordinary course of business or not at arm's length basis, are placed before the Board for its approval.

In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

- Transactions which may be in the ordinary course of business and at arm's length basis, but which are as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee 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 at arm's length basis and decides to refer the same to the Board for approval;
- Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval.
- Transactions meeting the materiality thresholds laid down Clause 5 of the Policy, which are intended to be placed before the shareholders for approval.

(iii) Approval of the Shareholders of the Company

Companies Act 2013 requirements

According to Companies (Amendment) Act, 2015, a resolution is required where no related party interested in the contract/transaction can vote for non-arm's length transactions or transactions not in the ordinary course of business where the following transaction limits are exceeded:

(i) sale, purchase or supply of any goods or material, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;

(ii) selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to ten percent or more of net worth of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;

(iii) leasing of property any kind amounting to ten percent or more of the net worth of company or ten per cent or more of turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (c) of sub-section (1) of section 188;

(iv) availing or rendering of any services, directly or through appointment of agent, 3[amounting to ten percent or more] of the turnover of the company or rupees fifty crore, whichever is lower as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188:

Explanation: - It is hereby clarified that the limits specified in sub-clause (i) to (iv) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

(b) is for appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and a half lakh rupees as mentioned in clause (f) of sub-section (1) of section 188.

(c) is for remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding one percent of the net worth as mentioned in clause (g) of sub-section (1) of section 188.

Explanation: - The turnover or net worth referred in the above sub-rules shall be computed on the basis of the audited financial statement of the preceding financial year.

These thresholds have to be evaluated for each category of transactions enlisted above for each related party.

LODR requirements

All the transactions with related parties exceeding the materiality thresholds, laid down in Clause 4 of the Policy are placed before the shareholders for approval.

For this purpose, all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

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.

Ordinary Course of Business means a transaction which is carried in the normal course of business envisaged in accordance of Memorandum of Association (MoA) and Articles of Association (AoA) as amended from time to time or historical practice with a pattern of frequency or common commercial practice or meets any other parameters/criteria as decided by the Board or Audit Committee.

6) DISCLOSURES

The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or arm's length basis along with the justification for entering into such transaction.

In addition to the above, the Company shall also provide details of all related party transactions meeting the materiality threshold (laid down in Clause 4 of the Policy above) on a quarterly basis to the stock exchanges.

The policy shall be published on the Company's website www.nihar.info and web link of the policy shall be disclosed in the Company's Annual Report.

7) RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit 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 Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit 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 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 for the loss suffered by the related party 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 this Policy.