

POLICY FOR TRANSACTION WITH RELATED PARTY

PREAMBLE:

In terms of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) (hereinafter referred to as "Listing Regulations") and Section 188 of the Companies Act 2013 and Rules made there under every listed entity shall formulate a Policy on materiality of Related Party Transactions and dealing with the related party transactions. So considering the requirements, the Company has enacted a Policy on Materiality of Related Party Transactions and dealing with the Related Party Transactions ("Policy") in line with Listing Regulations and Companies Act, 2013.

KEY DEFINITIONS:

"Act" means the Companies Act, 2013 including any modifications, amendments or re-enactment thereof.

"Arm's Length Transaction" means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.

"Audit Committee" means the Committee constituted by the Board of Directors in accordance with the Section 177 of the Companies Act, 2013 and Listing Regulations, including any re-enactment(s) or amendment(s) thereof.

"Board of Directors" or **"Board"** means collective body of the Directors of the Company as constituted from time to time.

"Company" means Nahar Industrial Enterprises Limited ("NIEL").

"Key Managerial Personnel" means a key managerial personnel as defined under the Companies Act, 2013 as under: 3(i) the Chief Executive Officer or the Managing Director or the Manager; (ii) the Whole Time Director; (iii) the Chief Financial Officer; (iv) the Company Secretary; and (v) such other officer as may be prescribed.

"Material Related Party Transaction" means a transaction with a Related Party if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the company.

"Policy" means the Policy for transaction with Related Party.

“Related Party” will have the same meaning as defined under Section 2(76) of the Act or under the applicable Accounting Standards, as may be amended from time to time.

“Relative” in relation to the related party shall have the same meaning as defined in Section 2(77) of the Companies Act, 2013 read with Rule 4 of The Companies (Specification of definition details) Rules, 2014.

“Related Party Transaction” means

- for the purpose of the Act, specific transactions mentioned in clause (a) to (g) of sub-section 1 of Section 188;
- for the purpose of Listing Regulations, transfer of resources, services or obligations between the Company and Related Party, regardless of whether price is charged and a transaction with the related party shall be construed to include a single transaction or a group of transaction in a Contract.

Any other term not specifically defined hereinabove shall have the same meaning as defined under the Act, SEBI (Listing Obligations and Disclosure Requirement) Regulations, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

OBJECTIVE

Nahar Industrial Enterprises Limited (the “Company”) is engaged in the business of Textiles and Sugar. Some of the Group/ Associates Companies are also engaged in the Textile Industry. Having regard to the nature of industry, sometimes sale/purchase/fabrication job transactions takes place between the Group/Associate Companies. The transactions are entered into an ordinary course of business and at Arm’s length basis at prevailing market prices. All these transactions with the Group Companies are placed before the Audit Committee as well as the Board for their information and approval. Though these transactions are in the normal course of business between the Group Companies and are outside the preview of related party transactions, but to comply with the provisions of Companies Act 2013 the Board of Directors (the “Board”) of the Company adopted the policy and procedures with regard to Related Party Transactions (RPTs) in compliance with the provisions of Regulations 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Regulation”) and Section 188 of the Companies Act 2013 and Rules made there under.

The objective of this policy is to ensure the proper approval and reporting of transactions as applicable, between the Company and any of its related party in the best interest of the Company and its stakeholders.

IDENTIFICATION OF RELATED PARTIES

Nahar Industrial Enterprises limited has devised a mechanism for the identification and updating the list of related parties. Each director and Key Managerial Personal is responsible for providing relevant disclosures to the Board or Audit Committee relating to the concern or interest in any company/companies or bodies corporate, firms or the other association of individuals which shall include shareholding. Such notice shall be provided to the company at the time of appointment and also at the time of first board meeting in every financial year and whenever there is any change in the disclosures already made.

MANNER OF APPROVAL OF RELATED PARTY TRANSACTIONS

Approval by Audit Committee

In terms of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, prior approval of the Audit Committee is required for entering into transactions with related parties. However, the Audit committee may grant omnibus approval In case of frequent / regular / repetitive transactions with related parties which are in the normal/ordinary course of business of the Company. While granting such approval, the Audit Committee shall satisfy itself regarding the need for the omnibus approval and that same is in the interest of the Company.

The omnibus approval shall specify; the Name of the related party, Nature of the transaction , Period of the transaction, Maximum amount of the transactions that can be entered into, Indicative base price / current contracted price and formula for variation in price, if any, Such other conditions as the Audit Committee may deem fit.

Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction unless the price, value or material terms of the contract or arrangement have been varied / amended. Any proposed variations / amendments to these factors shall require a prior approval of the Committee.

Further, where the need of the related party transactions cannot be foreseen and all prescribed details are not available, Committee may grant omnibus approval subject to the limits as envisaged in the Listing Regulation/Companies Act 2013 from time to time. Further, the Committee shall on quarterly basis review and assess such transactions including the limits to ensure that they are in compliance with this Policy. The omnibus approval shall be valid for a period of one year and fresh approval shall be obtained after the expiry of one year.

Approval by the Board

The Related Party transactions as specified under Section (1) of the Section 188 of Act, which are not in the ordinary course of business and on an Arm's Length basis, shall require approval of the Board. Further If the Committee is of the view that certain Related Party Transaction(s) should be brought before the Board or if the Board in any case elects to review any such matter or it is specifically provided under any other provision of the Act to be passed by the Board, then the Board shall consider and approve such Related Party Transactions.

Approval of Shareholders

- a) The Board of Directors shall review, approve and recommend to the shareholders all material related party transaction under section 188 of the Companies Act, 2013 and as prescribed under Listing Regulation 23 for the approval of shareholder in the manner prescribed there under.

- b) All the related party transaction(s) to be entered into in terms clauses (a) to (e) of subsection 1 of Section 188 the value/consideration of which is in excess of their respective limits specified under Rule 15(3) of the Companies (Meetings of Board and its Powers) Rule, 2014 other than Transactions specified in the Para (a) above and the transactions which are in ordinary course of business and on Arm's Length basis shall require approval of the shareholders.

Related Party Transactions not previously approved

If at any instance, the Company becomes aware of a Related Party Transaction that has not been approved or ratified, the transaction shall be placed as promptly as practicable before the Committee or Board or the Shareholders as may be required in accordance with this Policy for review and ratification/approval.

The Committee or the Board or the Shareholders shall consider all relevant facts and circumstances in respect of any such transaction(s) and shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction, and the Company shall take such action as the Committee / Board deems appropriate under the circumstances.

FOLLOWING TRANSACTION NOT TO BE CONSIDERED AS RELATED PARTY TRANSACTION

Notwithstanding the foregoing, the following Related Party Transaction shall not require approval of the Audit Committee or shareholders:

- Any transaction that involve to provide compensation to a Director or Key Managerial Personnel in connection with his/her duties to the Company or any of its subsidiaries or associates, including reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- Any transaction in which Related Party's interest arises solely from ownership or securities issued by the Company and all holders of such securities receive the same benefits as received by the other non-related party.

DISCLOSURE AND REPORTING OF RELATED PARTY TRANSACTIONS

The Company shall make appropriate disclosures/reporting with respect to related party transactions, as per the applicable provisions of the Act and Listing Regulations.

The Company shall also maintain relevant register(s) for recording particulars of all such transactions, contracts or arrangements with the related parties as per the relevant provisions of the Act. This policy shall be uploaded on the website of the Company.

AMENDMENT

This policy can be reviewed by Audit Committee/Board periodically and it can be further amended considering the legal requirements from time to time subject to approval and adoption of the Board.

In case there arise any conflict in the policy with any provision of the Companies Act, Listing Regulations or in case of any notification(s), amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the Policy, then such provision(s), notification(s), amendment(s), clarification(s), circular(s) etc. shall prevail and this Policy shall stand amended accordingly.