



POLICY ON RELATED PARTY TRANSACTIONS

NIKHIL ADHESIVES LIMITED

CIN: L51900MH1986PLC041062

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1. **TITLE**

This Policy shall be called 'Policy on materiality of Related Party Transactions and dealing with Related Party Transactions'.

2. **OBJECTIVE**

In the pursuit to the provisions of the Companies Act, 2013 and relevant Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Nikhil Adhesives Limited (the "Company" or "NAL") recognizes that related party transactions can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company's and its stakeholders' best interests.

This policy is intended to ensure the proper approval and reporting of transactions between the Company and any of "Related Party" as defined below.

DEFINITIONS

"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.

"Audit Committee" means the audit committee constituted by the Board of Directors of the Company in accordance with applicable law, including the Listing Regulations and the Companies Act, 2013, as amended from time to time.

"Board" means the Board of Directors of Nikhil Adhesives Limited.

"Company" means Nikhil Adhesives Limited.

"Material modifications" means any modifications to the material related party transactions which were approved by the Audit Committee or Shareholders during the year which will change the complete nature of the transaction and in case of monetary thresholds which is in excess of 25% of the originally approved transaction, in case of exigencies only.

"Material Related Party Transaction" means a transaction with a related party shall be considered material 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 listed entity as per the last audited financial statements of the listed entity.

a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

“Office or place of profit” means any office or place –

(a) where such office or place is held by a director, if the director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;

(b) where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if such person receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.

“Ordinary Course of Business” would include usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and all such activities which the Company can undertake as per Memorandum & Articles of Association.

“Policy” means this Policy, as amended from time to time.

“Related Party” a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards.

Provided that any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity shall be deemed to be a related party.

Provided that:

(a) any person or entity forming a part of the promoter or promoter group of the listed entity; or

(b) any person or any entity, holding equity shares:

(i) of twenty per cent or more; or

(ii) of ten per cent or more, with effect from April 1, 2023;

in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year;

shall be deemed to be a related party:”

“Related Party Transaction” means such transactions as specified under the Act and the Rules made thereunder and Regulation 2(1)(zc) of the Listing Regulations, including any amendments or modifications thereof, as may be applicable.

i.e. “transfer of resources, services or obligations between a listed entity and a related party, 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”.

APPROVAL OF RELATED PARTIES TRANSACTIONS

All related party transactions and subsequent material modifications shall require prior approval of the audit committee. Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.

However, the Audit Committee may grant omnibus approval for Related Party Transactions subject to the conditions specified under Regulation 23 of the SEBI (LODR) Regulations, 2015 and Rule 6A of the Companies (Meeting of Board or its powers) Rules, 2014, Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year. The audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given.

The Board shall approve such Related Party Transactions as are required to be approved under Companies Act, 2013 and/or Listing Regulations and/or transactions referred to it by the Audit Committee.

All material related party transactions and subsequent material modifications thereon as defined by the Audit Committee under sub-regulation (2) shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not. [All entities falling under the definition of related parties shall not vote to approve the relevant transaction] irrespective of whether the entity is a party to the particular transaction or not.

If prior approval of Board or Shareholders has not been taken, then such transaction needs to be ratified within 3 months of the date of entering into contract/ arrangement. If it has not been ratified within aforesaid period, such transactions shall be voidable at the option of the Board or as the case may be, of the Shareholders.

Appropriate disclosures as required under the Act and the Listing Regulations shall be made in the Annual Return, Directors Report and to the Stock Exchanges.

3. AMENDMENTS

Any Changes to the policy on account of regulatory requirements will be reviewed and approved by the Audit Committee or the Board or Chief Financial Officer of the Company subject to approval of Audit Committee. The Audit Committee/ Board will give suitable directions/ guidelines to implement the same. The Policy shall be reviewed by the Audit Committee and the Board every three years.

4. INTERPRETATION

Any words used in this policy but not defined herein shall have the same meaning as described to it in the Companies Act, 2013 or Rules made there under, SEBI Act or Rules and Regulations made there under, Listing Regulations, Indian Accounting Standards or any other relevant legislation / law applicable to the Company.

In case of any dispute or difference upon the meaning/interpretation of any word or provision in this Policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee in such a case shall be final. In interpreting such term /provision, the Audit Committee may seek the help of any of the officers of the Company or an outside expert as it deems fit.

