

NPR FINANCE LTD.

Regd. Office : Todi Mansion, 9th Floor, 1 Lu-Shun Sarani, Kolkata 700073,

Ph. No. (033) 2237-7201/02, Email : npr1@nprfinance.com

Website: www.nprfinance.com

NPR FINANCE LIMITED POLICY ON RELATED PARTY TRANSACTIONS AND MATERIALITY OF RELATED PARTY TRANSACTIONS (updated on 14th February,2019)

NPR Finance Ltd.(the “Company”) believes in the attainment of high level of transparency, accountability and equity.The Company is guided by the motion of good corporate governance and follows it in letter as well as in spirit.

1. PREFACE.

1.1 Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter, “Listing Regulations”), provides for the formulation of a policy on the materiality of related party transactions and also on dealing with Related Party Transactions.

1.2 Based on the recommendation of the Audit Committee, the Board of Directors of the Company have adopted this policy on Related Party Transaction and Materiality of Related Party Transactions.

1.3 This policy on related party transactions and materiality of Related Party Transactions is formulated in terms of the Equity Listing Agreement with the Stock Exchange and the provisions of Section 188 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014.

1.4 This Policy is applicable for all transactions between the Company and one or more of its related parties.

2. POLICY OBJECTIVES.

This Policy is framed to be bring a clarity on the manner of dealing with Related Party transactions , in compliance with the various applicable laws and regulations.

3. DEFINITIONS.

3.1 “Act“ means the Companies Act, 2013 and the Rules made thereunder, including, any modifications, amendments or re-enactment thereof.

3.2 “Arm’s length transaction” would mean transaction between two related or affiliated parties that is conducted as if they were unrelated, so that there is no question of a conflict of interest.

3.3 “Audit Committee means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Act

3.4 “Board of Directors” or “Board” means the collective body of the Board of Directors of the Company.

3.5 “Company” means NPR Finance Limited inclusive of its Registered Office and all Branch Offices.

3.6 “Key Managerial Personnel” means a Key Managerial Personnel as defined in the Act.

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3.7 "Listing Regulations" means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including, any modifications, amendments or re-enactment thereof.

3.8 "Material Related Party Transaction" shall be construed to derive its meaning from the Listing Regulations.

3.9 "Policy" means this Policy on Related Party Transaction and Materiality of Related Party Transactions.

3.10 "Related Party" means a related party as defined in the Act read with the Listing Regulations.

3.11 "Relative" means a relative as defined in the Act.

4. POLICY.

4.1 *Identification of Related Parties and potential Related Parties:*

Related Parties and potential Related Parties shall be identified based on the provisions of the Act and the Listing Regulations and/or any other relevant provisions of any other applicable laws, rules, and regulations in this regard.

4.2 *Identification of Related Party Transactions and potential Related Party Transactions :*

a. Present and proposed/potential Related Party Transactions shall be identified in accordance with Section 188 of the Act and the Listing Regulations and/or any other relevant provisions of any other applicable laws, rules, and regulations in this regard.

b. Each Director and Key Managerial Personnel shall at the beginning of every financial year, disclose to the Board of Directors , their Related Parties. Further, subsequent changes thereto in their Related Parties during the financial year shall also be disclosed to the Board , as soon as possible. The Board shall take on record such disclosure of interest.

4.3 *Review and approval of Related Party Transactions:*

a. All Related Party Transactions shall require the prior approval of the Audit Committee. Thereafter ,the same must be reported to the Board and /or shareholders for their approval.

b. While reviewing a related party transaction, the Audit Committee and/or the Board of Directors shall be provided with all the relevant necessary information by the Secretarial Department and other business/functional heads of the Company , regarding actual and /or potential related party transactions. In this connection, the Audit Committee may seek, inter alia amongst others, the following information:

i. Nature of the transaction;

ii. Key commercial and non-commercial terms ;

iii. Any information/ data required for analysis of arm's length basis ;

c. The Audit Committee may, in the interest of the conduct of affairs of the Company, grant omnibus approval for Related Party Transactions that are repetitive in nature, provided that, such omnibus approval shall specify the following details :

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- 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 provided by the Listing Regulations and as the Audit Committee may deem fit.

d. If the need for a Related Party Transaction cannot be foreseen and the aforesaid details are not available, the Audit Committee, may in the interest of the Company, grant omnibus approval for such transactions, subject to their value not exceeding ` 1 crore per transaction, or such other value as the Listing Agreement/ Ministry of Corporate Affairs/ any other relevant authority may subsequently specify in this regard.

e. 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 a period not exceeding one year and shall require fresh approvals after the expiry of one year.

f. *Shareholder's approval :*

i. All material Related Party Transactions shall require the approval of the shareholders .

ii. In addition to the above, the following categories of related party transactions shall also require approval of the shareholders:-

- a. Exceed the threshold limit specified in the Companies (Meeting of Boards and its Powers) Rules, 2014.
- b. Related Party Transactions not in the ordinary course of business and/or on Arm's Length basis shall require the approval of the shareholders if prescribed under any relevant law, rules or regulations.

iii. No related party shall vote to approve resolutions whether the entity is a related party to the particular transaction or not.

4.4 Clear Threshold Limits With Respect To Related Party Transactions.

SEBI vide notification dated 9th May, 2018, has amended Clause 23 of the Listing Regulations, effective from 1st April, 2019, whereby, clear threshold limit is required to be defined for related party transactions.

Company being an NBFC, is engaged in providing inter-corporate loans to related party and others and therefore, it is not possible to envisage and pin-point the name of related parties with whom the company will enter into related party transaction(s).

Therefore, the omnibus approval of upto ` 1 crore which is accorded by the Audit Committee in terms of section 188 of the Companies Act, 2013 read with Rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2014 and Clause 23 of the Listing Regulations, be considered as the threshold limit and thereafter, any further increase in transaction amount be approved/ratified by the shareholders at a general meeting in terms of applicable provisions of the laws in force.

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5. EFFECT ON RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED UNDER THIS POLICY.

Whereby the Company becomes aware of a Related Party Transaction which has not been approved under this policy prior to its consummation, the Audit Committee shall immediately analyse and review the relevant transaction in accordance with this policy and thereafter proceed to exercise any of the available options, including: ratification, revision or termination of the Related Party Transaction and/or take any other action as it deems appropriate subject to the approval of the Board.

If the Audit Committee decides not to ratify a Related Party Transaction which has commenced without its approval, the Audit Committee may direct additional actions, including: discontinuation of the transaction, seeking shareholder's approval, payment of compensation for the loss suffered by the Related Party or any other appropriate action.

Subject to the approval of the Board, the Audit Committee may modify or waive any procedural requirements of this Policy.

6. RELATED PARTY TRANSACTIONS WHICH ARE NOT IN THE PURVIEW OF THIS POLICY.

Whereby any amendment in the Listing Agreement, Act , other applicable provisions of any other relevant law, rules or regulations, specifically exempts certain categories of Related Party Transactions from :

- a. Complying with this Policy; or
- b. Seeking Audit Committee's prior approval / Board's approval/ Shareholder's approval;

-such transactions shall be automatically exempted from the purview of this Policy.

7. DISCLOSURES.

Relevant disclosures will be required to be made in terms of the Act readwith the Rules and Schedules thereunder, the Listing Regulations and/or any other applicable law in force. This Policy will be disclosed on the website of the Company.

8. AMENDMENTS IN THE POLICY.

i. The Audit Committee shall review and update the Policy as and when required- but atleast once in every three years, subject to the approval of the Board of Directors.

ii. Any subsequent amendment / modification in the Listing Regulations and /or other applicable laws in this regard shall automatically apply to this Policy.