

## **NITIN FIRE PROTECTION INDUSTRIES LIMITED**

### **RELATED PARTY TRANSACTIONS POLICY**

The Board of Directors (the “Board”) of **NITIN FIRE PROTECTION INDUSTRIES LIMITED** (the “Company” or “NFPI”), acting upon the recommendation of its Audit Committee (the “Committee”) has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Committee will review and may amend this policy from time to time.

#### **PURPOSE**

This policy is framed as per requirements of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, hereinafter referred to as 'Regulations' and the provisions of Companies Act, 2013 (the "Act") including Rules made there under. It intends to ensure proper governance and reporting of transactions between the Company and its Related Parties. This policy is intended to ensure the proper approval and reporting of transactions between the Company and related parties. Such transactions are appropriate only if they are in the best interest of the Company and our stockholders. The Company is required to disclose each year in annual report certain transactions between the Company and Related Parties.

#### **DEFINITIONS**

- “Applicable Law” means the Companies Act, 2013 and the rules made there under, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**SEBI LODR**) and includes any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions.
- “Compliance Officer” for this Policy means the Chief Financial Officer (CFO) of the Company or Vice President Finance or Person heading Finance department in the absence of CFO.
- “Key Managerial Personnel” as per Section 2(51) of the Companies Act, 2013 means
  - (i) Chief Executive Officer or the Managing Director or the Manager;
  - (ii) Whole-time Director;
  - (iii) Chief Financial Officer;
  - (iv) Company Secretary;
  - (v) Such other officer as may be prescribed.
- “Material Related Party Transactions” means such Related Party Transactions to be entered into with a related party, value whereof individually or taken together with previous Related Party Transaction 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 or such other threshold as may be laid down from time to time by Applicable Law.
- “Related Party” as per Section 2(76) of the Companies Act, 2013 with reference to a company, means—
  - (i) A director or his relative;
  - (ii) A key managerial personnel 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 is a member or director;
- (v) A public company in which a director or manager is a director or 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 under applicable law;

- “relative” as per section 2(77) of the Companies Act, 2013 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.

“Related Party Transaction” means any transaction with a Related Party involving a transfer of resources or obligations that is subject to the provisions of Applicable Law and shall include the following:

- (i) Purchases or sales of goods (finished or unfinished);
- (ii) Purchases or sales of property and other assets;
- (iii) Rendering or receiving of services;
- (iv) Leasing of property of any kind or hire purchase arrangements;
- (v) Transfers of research and development;
- (vi) Transfers under license agreements;
- (vii) Transfers under finance arrangements (including loans and equity contributions in cash or in kind);
- (viii) Provision of guarantees or collateral;
- (ix) Agency arrangements, management contacts including for deputation of employees; and
- (x) Settlement of liabilities on behalf of the entity or by the entity on behalf of another party.

All terms not defined herein shall take their meaning from the Applicable Laws.

## **POLICY**

All Related Party Transactions must be reported to the Compliance Officer as per this Policy (Chief Financial Officer (CFO) or VP Finance or Finance Head) and referred for approval or ratification by the Committee in accordance with this policy.

This policy is in addition to the provisions dealing with conflicts of interest in NFPI’s code of conduct, “Winning with Integrity, Values and Guidelines for Employee Conduct and the Conflict of Interest Disclosures process for employees.

## **IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS**

Each director and Key Managerial Personnel (KMP) is responsible for providing written notice to the Board or Committee or Compliance Officer of any potential Related Party Transaction involving him or her or his or her relative including any additional information about the transaction that the Board or Committee or Compliance Officer may reasonably request. The Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Compliance Officer has adequate time to obtain and review information about the proposed transaction and to refer it to the appropriate authority for approval. However, ratification of a Related Party Transaction after its commencement or even its completion may be appropriate in some circumstances.

## **PROHIBITIONS PERTAINING TO RELATED PARTY TRANSACTIONS**

All Related Party Transactions shall require prior approval of Audit Committee. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the following conditions:

- a) The Audit Committee shall lay down the criteria for granting the omnibus approval in line with this policy and such approval shall be applicable in respect of transactions which are repetitive in nature;
- b) The Audit Committee shall satisfy itself on the need for such omnibus approval and that such approval is in the interest of the company;
- c) Such omnibus approval shall specify:
  - (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;

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 transactions subject to their value not exceeding Rs. One crore per transaction.

- d) 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.
- e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year. If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

Further, all the transactions falling within the purview of Section 188(1) of the Companies Act, 2013 shall require the consent of the Board of Directors given by way of a resolution at a duly convened Board Meeting. The agenda of the Board Meeting at which such resolution so proposed to be moved, shall disclose: - Name of the Related Party and nature of relationship; - the nature, duration of the contract and particulars of the contract or arrangement; - the material terms of the contract or arrangement including the value, if any; - any advance paid or received for the contract or arrangement, if any.

## **REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS**

All Related Party Transactions must be reported to the Audit Committee for its prior approval in accordance with this Policy. The Committee shall review the transaction and recommend the same for approval of the Board and shareholders, if required, in accordance with this policy. Any member of the Committee who has a potential interest in any Related Party Transaction shall abstain himself/herself from discussion and voting on the approval of the Related Party Transaction.

All material related party transactions shall require approval of the shareholders through resolution 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 approval of Audit Committee, Board or Shareholders, as may be required under this Policy is to be taken prior to entering into the Related Party Transaction.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction. In determining whether to approve a Related Party Transaction, the Committee will consider inter- alia the following factors, to the extent relevant to the Related Party Transaction:

- Whether the Company was notified about the Related Party Transaction before its commencement and any other factors as the Committee deems relevant;
- Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party.

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee or Shareholders, subject to the applicable provisions of the Companies Act, 2013 and the Rules made there under:

- i) 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;
- ii) 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;
- iii) Any 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;
- iv) Any other exception which is consistent with the Applicable Laws, including any rules or regulations made there under, and does not require approval in advance by the Audit Committee.

## **RELATED PARTY TRANSACTIONS 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 commencement, 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 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 may deem fit, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy. This Policy will be communicated to all concerned employees and persons of the Company.

## **DISCLOSURES**

The Policy on dealing with Related Party Transactions is to be disclosed on the company's website at [www.nitinfire.com](http://www.nitinfire.com) and a web link thereto would be disclosed in the Annual Report of the Company.

## **AMENDMENTS TO THE POLICY**

The Board of Directors on its own and / or as per the recommendations of Audit Committee can amend this Policy, as and when deemed fit. Any or all provisions of this Policy are subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities found inconsistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

Recommended on behalf of Audit Committee by:

Approved on behalf of Board of Directors by:

S/d-

S/d-

Name & Signature: Mr. Hariharan Iyer  
Designation: Chairperson, Audit Committee  
Date: February 12, 2018

Name & Signature: Mr. Atul Mehta  
Designation: Chairperson, Board of Directors  
Date: February 12, 2018